the taxpayer

WINTER 2015

Home Ice Disadvantage P10

How high taxes discourage NHL players (and other high-earning professionals) from working in certain cities

In this issue:

publications mail agreement 40063310

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From the President

Tax reform's last stand?

Troy Lanigan
tlanigan@taxpayer.com

As I write a book commemorating our 25th anniversary, I reflect on the many policy victories we've achieved alongside our supporters.

One of those victories is the single-rate tax of 10% implemented by the Alberta government in 2001. It has proven a boon to the province's economy and a model of tax reform we have pushed across Canada. And with good reason.

Last April we estimated that the current federal government has added a whopping 631 pages to the Income Tax Act – pushing the tax code to more than a million words.

Alberta chose (and has stuck to) a different path by simplifying its income tax system with a single rate (technically it's two rates, 0% on the first $18,214 and 10% on everything over that). The province has also avoided succumbing to the class warfare argument that simply because your income grows you should be taxed at a punitively higher rate.

Alberta Premier Jim Prentice has made no secret of his intention to raise taxes in the next budget, with the income tax clearly in his sights: "it's quite clear that for people who are working poor, it is a system that bites them pretty hard, compared to the rest of the country."

> "What a shame the country's most significant tax reform of the last quarter-century may soon disappear because of faulty 'facts' and class warfare logic."

Actually, the exact opposite is true. No province has a higher exemption than Alberta's $18,214. Poor Quebecers start paying income tax at $11,425; poor Ontarians at $9,863; and poor Prince Edward Islanders at the meagre salary of $7,708. Moreover, Prentice's own finance department notes that, because of sales and health care taxes in other provinces, low-income taxpayers pay more to those governments.

What a shame the country's most significant tax reform of the last quarter-century may soon disappear because of faulty "facts" and class warfare logic. Incredibly, much of Alberta's opposition has joined the chorus.

The next *Taxpayer* will be our 25th anniversary commemorative edition. One thing we'd like to include is a thank-you to all those who have been with us from the very beginning. But only if you'll allow us to. If you've been donating to the CTF since 1990 (or even 1991, when our field agents made their first stop in your area), and would be willing to let us recognize you by name in our next magazine, please contact Scott Hennig at *shennig@taxpayer.com* or 780-589-1006.

This issue's cover story has a unique sidebar: it's the first time the CTF has co-authored a report and issued a joint release with an organization outside the country. Our report on the impact of income taxes on where NHL players want to play went out across the United States at the same time it went out across Canada. We enjoyed the undertaking from start to finish and want to thank Americans for Tax Reform for their partnership. t

The Canadian Taxpayers Federation is a federally incorporated not-for-profit and non-partisan organization dedicated to lower taxes, less waste and accountable government. Founded in 1990, the Federation is independent of all partisan or institutional affiliations and is entirely funded by free-will, non-tax receiptable contributions. Printed in Canada.

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The Cover:

The Nation:

Advocacy & Opinion:

The Provinces:

Letters

Sacred, traditional cash please

Our justice system has disconnected from the real world and is spiralling out of control. The Haisla Indian band is proposing to export liquid natural gas from a BC property that originally was slated for the Northern Gateway terminal to load and export oil.

The cat is finally out of the bag – it was all about money!

Forget about fish, water, environment, ancestry and holy spirits. It was all about manipulating a judiciary that arbitrarily has adopted those massive claims for lands and resources as a vehicle to recreate Canada in its own image.

Andy Thomsen
Summerland, BC

Letters to the editor

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What about honoraria?

I went online this morning to check on the remuneration for aboriginal band chiefs and councils in Saskatchewan. I was glad to see that the *First Nations Financial Transparency Act* at least addresses the income that chiefs and councils receive from their bands. But, the act does not address the full amount that chiefs and councils receive from boards, commissions, and political organizations such as Assembly of First Nations, Federation of Saskatchewan Indian Nations, and other committees that pay an honorarium.

Bob Kowalchuk
Regina, SK

No need for lieutenant-governors

One possible area of reducing the national debt is cutting down the royal representations in our country. In deference to those royalists amongst

Featured supporters

Gilbert and Myrtle Paradis have been married for 64 years, and have been generous supporters of the CTF for more than 20 years. They reside on a farm just outside of Edmonton, where they farmed for 20 years before Gilbert became a United Farmers of Alberta agent for 25 years. They enjoy curling, golfing, square dancing and gardening as well as family activities at the lake. They both so strongly feel that governments should balance their books that they sponsored a plate on the National Debt Clock to help get the message out.

Marcil and Stella Van Hooren were married May 30, 1942 and have supported the CTF since its very beginning. Marcil grew up west of Edmonton. He tried to enlist in the British air force, however his training as an engineer led to him developing weapons for the British government. Previously he went to Belgium to help his ailing father, but was recruited by the Belgian military to identify Nazi sympathizers, which he did until the Nazis invaded. He met Stella, who was nursing in London, England, and brought her to Canada. They settled in Battleford, SK, moved for awhile to Kelowna, BC, then returned to Battleford to be near their grandchildren. Now 95 (Marcil) and 93 (Stella), they enjoy travelling in their RV and walking their dog, Mitsie. Marcil speaks German, Dutch-Flemish, South African, French and Spanish. They have two daughters, three grandsons, one granddaughter and four great-grandchildren.

us, I do not suggest we get rid of all the regal institutions and appurtenances.

We can have the Governor General representing the Queen, but why do we need to have provincial vice-regal lieutenant-governors? They are righteous people deserving of respect but that is not the issue in this proposition. Worthy citizens could be officially recognized by the awarding of a Promulgated National Medal of Honour instead of sinecures which are, I suspect, not truly coveted financially by these genuine over-achievers.

Seems to me their most visible function is the rendering of the throne speech during the opening of parliaments. Such events do not occur monthly or yearly. So why can't the GG fulfil this function alone whenever such situations call for it?

We could save by doing away with the vice-regal stipends and upkeep of costly official residences; the latter could be turned into useful public edifices such as art galleries or museums.

MauSeng Lee
West Vancouver, BC

Time to fight back

I am just in the process of reading the current *Taxpayer* magazine, which never seems to be a pleasant experience. When I read the section on Labour Day Reality Check [Fall 2014] I almost choked.

I am sure that most CTF supporters did not fully understand the size of the bailout of the pensions of government employees or they would have been incensed and demanded some drastic changes immediately.

Maybe it is time for small-business taxpayers to stand up and start withholding our income tax until politicians face reality and realize that their path is unsustainable.

I am a long-time CTF supporter who, just like most other ordinary Canadians, doesn't complain very often. But when somebody or something gets us going, we fight back!

Ian Tuton
Whitehorse, YK

We're getting the shaft

Right now the poor taxpayers of this country are getting totally shafted by all of these so-called politicians. Politicians should not be involved in setting their own salary levels. These decisions should be made by a totally separate entity.

Bill Adamson
Scarborough, ON

Compiled by
Dean Smith

Some humans more equal than others

The Canadian Museum for Human Rights in Winnipeg opened in September 2014, at a cost of $336 million.

According to its website, the museum was created to "enhance the public's understanding of human rights, to promote respect for others and to encourage reflection and dialogue."

Yet, the museum does discriminate itself, based on race.

Despite charging $15, for adults and $8 for children, all aboriginals including Metis, First Nations and Inuit can visit the museum free of charge.

When asked whether indigenous peoples will be required to provide proper identification for the free subsidy, a spokesman for the museum said:

"If people do not have identification, we are open to having conversations with them to explore alternatives."

Source: *Winnipeg Sun*

Put carbon taxes on ice

During his Nobel Prize acceptance speech in 2007, former US vice-president Al Gore made this statement:

"The [polar] ice cap is falling off a cliff. It could be completely gone in summer in as little as seven years from now."

Because of such predictions, it was believed that melting ice in both the Arctic and Antarctic would result in higher sea levels, endangering island nations and even coastal regions of many continents.

So how is Al Gore's prediction turning out? Well, not so good.

We still have a massive ice bed in the Arctic. Believe it or not, it has increased in size by as much as 40% since 2012.

The image below, generated by satellite and available via the University of Ohio website, compares the size of the ice cap between Aug. 30, 2012 and Aug. 30, 2014. Not only has the area of the ice cap increased, but the thickness as well.

And in the Antarctic, the story is much the same.

Over the last two years, using a robotic sub, scientists went beneath the ice to measure its thickness

What they found shocked them. They were expecting to find ice averaging three to six feet thick with some areas reaching 16 feet. Instead, they found the ice to be 4.6 to 18 feet (six times thicker in spots) and the maximum thickness was a whopping 65 feet.

Source: *Live Science* and *Daily Mail*

$58,000 severance for five months of work

Ontario MPP Joe Cimino was elected to the Ontario legislature June 12, 2014. He represented the constituency of Sudbury for the NDP.

In November he retired, citing personal issues.

Despite working just five months and voluntarily quitting his job, Cimino received a $58,000 severance payment. MPPs are eligible for a minimum six months of severance, no matter how briefly

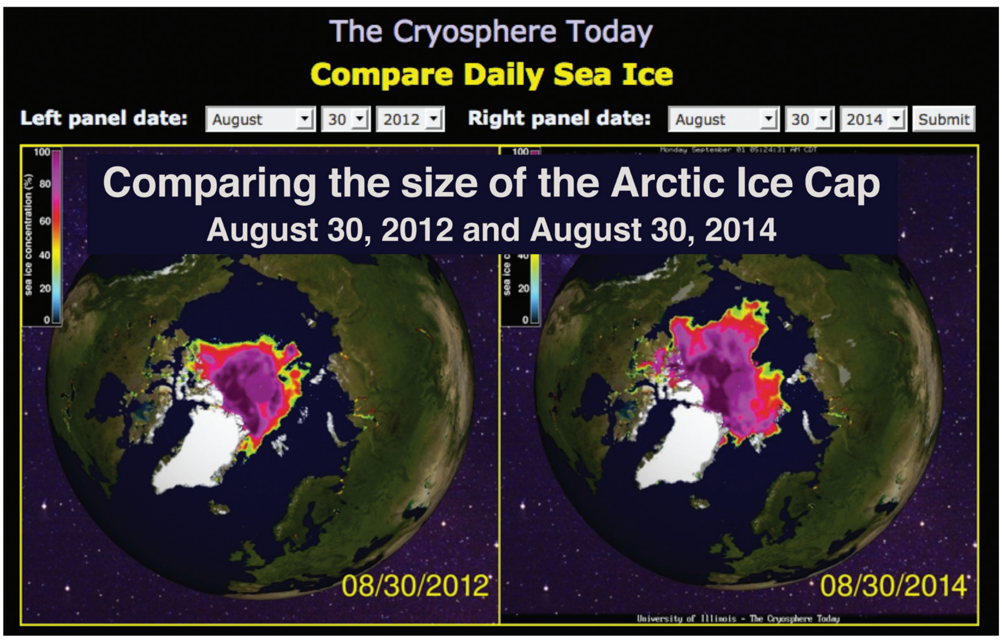


Image web capture: University of Ohio

We are still pouring record amounts of CO_2 into the atmosphere, so why are the ice caps growing instead of shrinking?

they serve or why they leave.

Taxpayers are also on the hook for a by-election in the constituency.

In response to outrage over the payment, the Ontario government stated it plans to "review" severance compensation.

Source: *National Post*

Mascot costs $383,045 ... so far

With the Pan Am Games scheduled to open July 10 in Toronto, they have come under increased scrutiny due to cost over-runs and excessive salaries paid to executives.

A Freedom of Information request by the *Globe and Mail* showed the games had already spent $384,045 on their mascot, "Pachi the Porcupine." This included:

- $5,000 to license Pachi's theme song, "Inner Ninja."
- $134,550 for the wages of 17 part-time workers to wear the costume.
- $33,250 on "mascot research."
- $2,950 for Pachi luggage tags.
- $26,862 for Pachi stickers.
- $3,006 photo shoot for mascot selection.
- $10,000 to unveil Pachi on CBC Kids.

The rest of the expense went to a contest set up for Ontario students to help choose the mascot, developing kiosks for selling Pachi stuffed toys and travel costs.

Source: *The Globe and Mail*

Federal human rights commissioner flies high

When the federal government hired David Langtry as the acting human rights commissioner in 2006, there were a couple of problems.

Langtry lived in Winnipeg and the job was in Ottawa. Nine years ago, when he was hired, the federal government wasn't prepared to offer Langtry a permanent position and Langtry wasn't prepared to move to Ottawa for an acting position.

The solution was to let Langtry commute to work between Ottawa and Winnipeg. Since 2006, Langtry has racked up $760,000 in expense claims.

Taxpayers are on the hook for all of Langtry's living expenses while he stays in Ottawa (hotel, meals, etc.) and commuting between home and work.

Of the 264 flights for which Langtry billed taxpayers since 2006, 80% (more than 200) were between Winnipeg and Ottawa.

The CTF calculated if Langtry continues until 2017, when his "acting" contract expires, taxpayers will fork over another $274,000 to cover flights, meals, hotels and taxi expenses.

Langtry earns between $228,400 and $268,700 per year.

Source: *Canadian Taxpayers Federation*

Police pension plan a Springhill disaster

Pension costs for the Springhill police force were a major factor in the Nova Scotia town throwing up its hands and disbanding the town, home to 3,500 residents.

The Springhill council found itself in a fiscal quagmire caused in part by the town's police department, which employed 30 people.

In 2013, an arbitrator awarded the town police force an 18.5% pay hike over four years. Because of other financial difficulties, it was an increase the town could not afford.

So Springhill council decided to approach the RCMP about running the police force instead. Then council was hit with a second whammy. In 2009, the Police Association of Nova Scotia introduced a provision requiring a town that contracted out its policing to another agency to pay the departing police force the same pensions as the RCMP receive.

So a 30-year veteran town police officer was now eligible for the same pension as one who worked for the RCMP for 30 years, even though he or she had never worked for the RCMP or paid into its pension plan.

The town was faced with a $2-million bill for these

How do you spend $28 on a single cookie?

pensions, which would have required a massive property tax hike.

The only solution was to close down the town and give the police association its required one-year notice. The town could then re-form and use the RCMP without the pension penalty.

That is exactly what Springhill did.

Source: *Chronicle Herald*

$370 million in cash and goods MIA

In fiscal year 2013-14, the federal government reports, $370 million in equipment or cash went missing. Some was lost and some stolen – and in many cases the government has no idea which it was.

The list includes 182 cell phones, 670 computers, and even weapons in the case of the Department of National Defence (DND).

There is a good chance most of the items will never be recovered.

A bit of irony: Canada Revenue Agency reported losing $600 in petty cash.

Aboriginal Affairs reported losing two beaver pelts valued at $800 and a $2,000 carpet went missing at Foreign Affairs.

The biggest loser was DND, which lost equipment valued at $5 million, including $2 million worth of technical equipment and an equal amount of military equipment. The latter included 11,000 cases of lost or stolen weapons or accessories. Though the weapons were only valued at $50,000, the potential danger is much greater.

Some of the missing equipment included computer hard drives that normally run between $200 and $300 each. However, the data lost were much more valuable.

This included the personal information of 580,000 student loan applications on one drive and another with the personal information of 5,000 pensioners.

Also included in the report are losses associated with fraudulent EI, pension and loan applications. These totalled $130 million.

Source: *Vice.com*

TransLink lax on tickets, but big on taxes

TransLink is a government agency in British Columbia that runs the transit system in the Lower Mainland, including bus, train and seabus routes.

It recently asked the BC government to hike the PST by 0.5% in cities where TransLink operates, with all proceeds going to fund the system.

On one hand it's begging for money; on the other hand it is refusing to collect fares. A recent report showed that last year TransLink bus drivers pressed their "fare not paid" button more than 2.8 million times in 2013. This is up from 2.5 million in 2011.

Bus drivers press the button when people using a bus refuse to pay the required ticket price. They are still allowed on, whether they pay the fare or not. Many bus drivers have stated they no longer press the button because abuse is so rampant and TransLink is doing nothing to stop it.

This number does not include skipped fares on TransLink's SkyTrain, which operates on an honour system. No one even checks to see if riders bought a ticket.

Source: *Canadian Taxpayers Federation*

But we are a nation

A former chief of Shuswap First Nations in BC and three members of his extended family collected $4.1 million in tax-free salaries over the past four years. The band, with 267 members, has only 87 people living on the reserve.

The recipients include Chief Paul Sam, age 80 and now retired; his ex-wife Alice, who is also a band councillor and its bookkeeper; their son Dean Martin, who runs a band business; and his son Randy, now deceased, a band councillor.

Martin averaged $536,000 in annual, tax-free salary over the four-year period. In the two years before he

Paying for a 2,124 km commute to work.

died in 2012 during a trip to Las Vegas, Randy averaged $288,000. Paul Sam averaged $264,000 in tax-free salary over the four years.

Other non-family band councillors were stunned to find out how much these family members were raking in.

When questioned about the exorbitant salaries, Dean Martin said they had attracted economic development to the band, located near Invermere. He also added, in an interview with the *National Post*, "To be …. the leader of a nation, and we're not just a band, we are a nation, and to lead it for 34 years, is something totally unheard of."

In comparison, Prime Minister Stephen Harper, who leads a nation of 35 million people, earned $327,000. BC Premier Christy Clark, serving 4.6 million residents, received a paltry $194,000.

Source: *National Post*

News or propaganda?

Public Works Canada has awarded a contract worth $1.25M to News Canada Ltd. to distribute government-sanctioned "news."

The company will send out 400-word stories, free of charge, to daily and weekly newspapers across Canada.

Various departments will be able to use this service to send out stories for publication. Public Works will have final editorial oversight and will also ensure government officials are available for comments and interviews.

Source: *Blacklock's Reporter*

A $28 cookie?

An audit of the expense claims of trustees for the Toronto District School Board (TSB), the largest school board in Canada, has uncovered some disturbing expenditures.

Each trustee receives an annual discretionary expense budget of $27,000.

Some of the questionable expenditures, uncovered via an Access to Information request by *CTV*, included:

- $28 spent by the former chair of the TSB on a cookie at a Toronto hotel. (To be fair, it was listed as a "giant" cookie. However, when asked about it by the auditors, the trustee could not recall buying it.)
- $250 to pay for a parking ticket.
- $3,700 for a flight to Israel. (The auditors added there was no clear justification on how this trip related to the work of a trustee.)
- Four trustees from Toronto expensed hotel rooms and dinner meals for a conference held in Toronto.
- Tens of thousands of dollars spent on out of town conferences.

Source: *CTV*, *The Globe and Mail* and the *Toronto Star*

$832,000 didn't get iced

The $832,000 Zamboni shed built by the Alberta government for a skating rink, now sits as a monument to waste.

Why?

Because the Alberta government decided to scrap the $1.2-million skating rink it was building on the site of the $375-million refurbishment of the historic Federal Building in Edmonton.

Fortunately, the government was also able to cancel the purchase of a $120,000 Zamboni that would be housed in this garage.

The 128-square-metre luxurious garage designed to fit the architectural motif of the area will now be used as a garden shed.

It is also uncertain if the 21 change room lockers and washrooms in a "garden shed" will serve any useful purpose.

Source: *National Post*

Guess who gets in free at the Canadian Museum for Human Rights?

Canadian Museum for Human Rights, Winnipeg Photo: AJ Batrac/Flickr/CC-BY

COVER STORY

Home ice disadvantage?

How personal income taxes impact NHL players and teams

by Aaron Wudrick
Federal Director

by Jeff Bowes
Research Director

Last November, the Canadian Taxpayers Federation undertook a joint study with Americans for Tax Reform that looked at the impact of personal income taxes on the take-home pay of NHL players. As Canada's national game, hockey occupies a unique spot in Canada's collective consciousness and a great opportunity to discuss the impact of taxes on labour mobility in a more topical way.

So what did we find? Well, in 2013-14 players for the Montreal Canadiens paid the highest taxes (with California-based teams close behind) and the Calgary Flames paid the lowest taxes (slightly lower than their Alberta-based rivals in Edmonton). Since these comparisons looked at the entire team rosters rather than individual players, and since roster differences and salary cap spending levels could skew our analysis, we also decided to compare a theoretical team composed of an identical roster of imaginary players making a wide variety of salaries, from a $12-million superstar all the way down to a rookie making the league minimum of $550,000. In this analysis, Montreal and the California teams still had the highest taxes, while Calgary and Edmonton were tied for having the lowest rates.

We also noted that Canadian teams tended to rank better than in our 2012 study, but this was due not to lower Canadian taxes, but to large increases in the United States.

In terms of the windfall for government coffers, players for the Los Angeles Kings shelled out the most, paying $28.7 million to the federal government and $8.5 million to the state of California. The Montreal Canadiens were not far behind, paying $19 million to the federal government and $16.9 million to the province of Quebec.

We also introduced a measurement called the "true cap" which attempts to capture how much a team can

2013–14 NHL True Roster

Rank	Team	Tax Rate	Salary Spending
1	Calgary Flames	38.1%	$50,945,338
2	Edmonton Oilers	38.3%	$60,617,949
3	Florida Panthers	40.0%	$54,678,026
4	Tampa Bay Lightning	40.1%	$62,306,903
5	Dallas Stars	40.2%	$59,405,872
6	Nashville Predators	40.4%	$64,309,487
7	Phoenix Coyotes	44.5%	$54,877,503
8	Vancouver Canucks	44.8%	$65,657,467
9	Colorado Avalanche	44.8%	$59,060,190
10	Chicago Blackhawks	45.5%	$71,323,621
11	Winnipeg Jets	45.7%	$60,150,385
12	Boston Bruins	45.7%	$74,089,282
13	Carolina Hurricanes	46.1%	$62,179,744
14	Pittsburgh Penguins	46.4%	$74,533,538
15	Detroit Red Wings	46.9%	$71,436,467
16	New York Islanders	47.0%	$45,534,226
17	St. Louis Blues	47.2%	$64,535,579
18	Buffalo Sabres	47.3%	$54,064,979
19	Philadelphia Flyers	47.6%	$75,300,897
20	Columbus Blue Jackets	48.0%	$64,156,877
21	Ottawa Senators	48.3%	$53,220,179
22	Toronto Maple Leafs	48.3%	$59,924,949
23	New Jersey Devils	48.6%	$61,269,872
24	Washington Capitals	49.0%	$61,226,000
25	Minnesota Wild	49.9%	$71,509,359
26	New York Rangers	52.1%	$63,557,087
27	Anaheim Ducks	52.3%	$61,999,046
28	San Jose Sharks	52.9%	$65,999,313
29	Los Angeles Kings	53.0%	$68,728,251
30	Montreal Canadiens	53.9%	$66,681,267

Jason Spezza (19), then with Ottawa Senators wins a faceoff against Pittsburgh Penguins during a 2013 NHL game played in Ottawa. (Photo by Jana Chytilova/Freestyle Photography/Getty Images)

spend in terms of take-home pay for players. Once again the Alberta teams topped the list, and the Canadiens at the bottom of the rankings, with a true cap of just $29.5 million – a $10-million disadvantage compared to the Alberta-based teams. We note that in spite of these tax advantages the Oilers have not been faring so well of late; evidently having a tax advantage isn't everything.

Finally, we took a look at some of the tax effects of some recent trades and free-agent signings. Jason Spezza's tax savings after being traded from Ottawa to Dallas added up to $394,732, while, P.A. Parenteau will now have to pay $349,535 more in taxes after being traded from lower-tax Colorado to higher-tax Montreal. We also found that 57% of Unrestricted Free Agents who moved teams went to teams with lower taxes.

With a payout of $37 million, players for the LA Kings paid the most personal income tax followed by Montreal Canadien players at $35.9 million

All in all, while the numbers are more extreme with NHL players, the same principles apply far beyond professional athletes, affecting doctors, engineers and CEOs of major companies. If high tax rates make it more difficult to attract free agents in the NHL, it's not a stretch to believe it's also hard to attract other highly skilled workers. Governments need to keep that in mind when they're considering the impact of tax rates on attracting top talent, or they risk losing these people to other, more attractive jurisdictions.

For the full report visit: http://www.taxpayer.com/media/CTF-HomeIceDisadvantage.pdf. t

Rank	Team	True Cap
1	Calgary Flames	$39,561,415
1	Edmonton Oilers	$39,561,415
3	Dallas Stars	$38,270,498
3	Florida Panthers	$38,270,498
3	Nashville Predators	$38,270,498
3	Tampa Bay Lightning	$38,270,498
7	Vancouver Canucks	$35,391,147
8	Phoenix Coyotes	$35,383,772
9	Colorado Avalanche	$35,300,187
10	Chicago Blackhawks	$35,060,598
11	Boston Bruins	$34,932,390
12	Winnipeg Jets	$34,845,264
13	Carolina Hurricanes	$34,551,538
14	Pittsburgh Penguins	$34,367,488
15	Detroit Red Wings	$33,998,577
16	St. Louis Blues	$33,786,858
17	Philadelphia Flyers	$33,775,928
18	Ottawa Senators	$33,081,661
18	Toronto Maple Leafs	$33,081,661
20	Buffalo Sabers	$33,059,481
20	New York Islanders	$33,059,481
22	New Jersey Devils	$32,867,934
23	Washington Capitals	$32,590,147
24	Minnesota Wild	$32,059,686
25	Columbus Blue Jackets	$31,464,058
26	New York Rangers	$30,597,405
27	Anaheim Ducks	$30,257,621
27	Los Angeles Kings	$30,257,621
27	San Jose Sharks	$30,257,621
30	Montreal Canadiens	$29,577,915

You asked for it

George Siegle of Port Coquitlam, BC asks: I heard the federal government 'lost' $3 billion. Is that true? Did they ever find it?

Jeff Bowes, Research Director answers:

by Jeff Bowes
Research Director

Thanks for the question, George. The good news is that the $3.1 billion was found. The confusing news is that, in a way, it was never actually missing.

Let me start at the beginning. Back in April 2013, a report from the auditor general (AG) identified $3.1 billion of counter-terrorism funding that spending reports didn't account for.

NDP leader Tom Mulcair called it a "$3-billion boondoggle," and asked where the "missing" $3.1 billion went. The government insisted that the funds weren't missing.

Missing or not, the AG's report concluded that "information on whether departments used $3.1 billion in initiative funding was not available."

The funds were from the Public Safety and Anti-Terrorism (PSAT) Initiative created after the terrorist attacks of Sept. 11. Between 2001 and 2009, PSAT directed $12.9 billion to 35 departments to fund national security projects.

Departments were required to provide annual reports detailing how they spent the funds. The AG examined these reports and found a problem: the reports only accounted for $9.8 billion of spending, $3.1 billion less than the Initiative sent out.

Over the next six months, the Treasury Board went through a reconciliation process to determine what the remaining $3.1 billion was spent on. It was able to account for 99% of the funds. The review showed that the Department of National Defence (DND) alone accounted for a quarter of the previously unaccounted-for spending, and 30 other departments accounted for the rest.

The Treasury Board identified eight reasons why the AG was unable to account for this spending. The simplest reason was that, for security reasons, PSAT explicitly exempted some projects from reporting. These exempt projects account for $1.3 billion of the unreported funds. The biggest of these projects was $510 million for a DND project: "Increased Military Capacity and Deployments in Afghanistan."

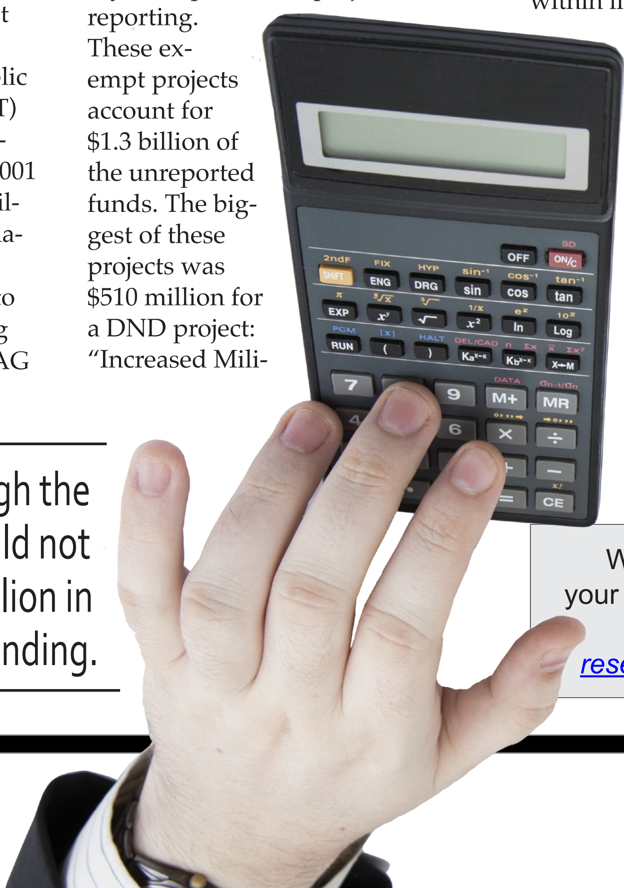
Another $507 million was spent after the PSAT Initiative ended. With the approval of the finance department, some expenditures came after 2008-09, and those funds weren't reported because the Initiative was no longer in operation. Again, DND accounts for a big portion. It spent $103.9 million on a Marine Security Operations Centre, $30 million on a Secure Fleet Communication Project and $22 million on other projects after 2008-09.

Next, some of the money was simply never spent. Project delays and cost savings resulted in $455.6 million being returned to general revenue.

Another $265.7 million was spent on other projects; deputy ministers can redirect funds to other priorities within limits set out by Parliament and the Treasury Board.

Some $228.1 million was carried forward to the next fiscal year at the end of 2008-09. (Departments can keep up to 2% of their operating budget and use it in the next fiscal year. This is meant to discourage managers from rushing to spend their entire budget as the year comes to an end.)

Meanwhile, $68.2 million was saved when government-wide cost-sav-



> After going through the books, the auditor could not account for $3.1 billion in spending.

Want the CTF to tackle your question? Ask for it by e-mail at: research@taxpayer.com

ing exercises reduced the funds for some PSAT projects; $63.2 million was transferred between departments. Other reasons, such as the duplication of funding allocations to Fisheries and Oceans, account for another $94.2 million.

This explains the "unreported funds" the AG was concerned about. However, the Treasury Board review shows that the reporting framework for PSAT was never intended to account for all the spending. It explicitly excluded some projects from reporting and stopped collecting reports before all the projects were complete.

The AG knew about some of these problems. Working with the Treasury Board, his report identified many of the same reasons why the funds were unaccounted for by PSAT. Yet in much of the reporting on "missing" money, the real problem wasn't addressed.

The AG's report criticized the PSAT process as "incomplete." He called it a missed opportunity to provide a government-wide perspective on the Initiative. What's telling is that the AG's recommendation wasn't to "find" the $3.1 billion but to review the PSAT program and to improve financial and non-financial reporting of government-wide initiatives. A recommendation that the Treasury Board agreed with and said it was already working towards.

It's important to remember that just because this spending wasn't accounted for by PSAT doesn't mean that it wasn't accounted for at all. PSAT was a specific initiative by the government, and it had problems.

All departments have reporting requirements through the government's budget process. The budget outlines how money will be spent; then the "main estimates" provide funds to departments. Finally, the "public accounts" report to the House of Commons to verify that the funds were spent on authorized purposes.

This process isn't perfect but it is the standard way that departments account for their spending, not through specific initiative reporting frameworks.

The funds were never "missing" because they were always accounted for by the public accounts. But as the AG suggested, specific reporting on government-wide initiatives would help provide further insight. t

The AG said the money was never lost, but the episode revealed a need for better reporting by departments on how they spend tax dollars.

The taxman doesn't care: Let's make him

by Jordan Bateman
BC Director

The Canada Revenue Agency (CRA) really, really doesn't want to care.

But Irvin Leroux and the Canadian Taxpayers Federation are going to make the CRA care anyway – with your help.

Leroux is the Valemount, BC, man who lost everything in 1996 when the CRA audited his fledgling RV park business. The CRA claimed he owed $600,000 – but a legal judgment a decade later showed the taxman actually owed Irv $25,000.

But by then it was too late: Leroux had lost everything in his legal battle with the taxman. Ever since, he has been fighting to get the CRA to make him whole.

Last year, Leroux won a major BC Supreme Court victory for all taxpayers, when Madam Justice Mary Humphries stated that the "CRA is given almost unchecked powers. CRA officials are not accountable to any independent body for their actions, except through an appeal to the Tax Court of Canada." Holding CRA officials "to a standard of care that might make them more careful is not necessarily a bad thing," she concluded.

> Rogue agencies such as the CRA should not be allowed to destroy taxpayers' lives.

Humphries ruled that CRA auditors owed Irvin Leroux a "duty of care" and that they breached it in the manner they imposed penalties against him.

Despite the victory, Humphries failed to award Leroux damages for what he had lost. He appealed, and the CRA cross-appealed to try to get "duty of care" overturned. The CRA does not believe it has any legal "duty" to taxpayers, or that it should be held to account when it is negligent. The CRA claims "officials administering taxation statutes in the normal course do not owe duties of care to individual taxpayers."

The CTF disagrees, and is raising money to help Leroux fight the appeal. We want to protect "duty of care" at all costs; it's too important a victory for taxpayers to let slip away.

The wheels of justice continue to grind. The CTF has helped Leroux hire two top-notch lawyers, Joshua Jantzi of Dentons Canada LLP and Daniel Misutka of Deloitte Tax Law LLP, to fight the case.

In mid-December, the Leroux legal team filed the necessary documents with the BC Court of Appeals. At press time, no court date had been set, but the CTF is hopeful that the case will be before the court in 2015 – and duty of care will be upheld.

Imagine what it would mean for the tax department to be subject to a "duty of care." The CRA would no longer have the "right" to assess taxpayers in a negligent manner. Taxpayers shouldn't be destroyed and reduced to nightmares about destitution because of an out-of-control, unaccountable government agency. Leroux, the CTF, and (hopefully) the Court of Appeals, can make the CRA care.

To support the CTF in this case, consider making a donation.

Ask AN EXPERT!

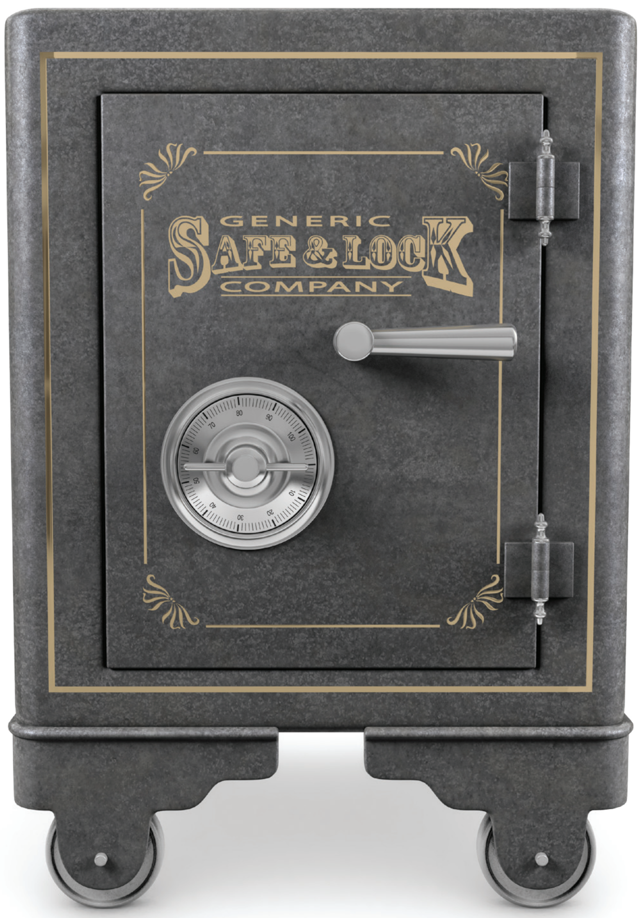
Launched in 2009, Tax-Free Savings Accounts (TFSAs) have been billed as the mirror image of Registered Retirement Savings Plans (RRSPs). The money was taxed before it went into the TFSA, but any earnings inside the TFSA were tax-free. Recently, the Canada Revenue Agency (CRA) has been cracking down on those who have been earning sizeable profits in their TFSA through making multiple stock trades, and charging taxes on these profits. While this might not apply to most Canadians investing their TFSA dollars into GICs or mutual funds, we decided to *Ask an Expert* to give us the lowdown on what the CRA is up to. – Hennig

by Tim Clarke & Lauchlin MacEachern
Moodys Gartner Tax Law LLP:

Many Canadians believe amounts earned in their tax-free savings accounts are just that, tax-free. Alas, our tax laws are not so simple. Since TFSAs were introduced in 2009, the federal government has enacted a number of amendments subjecting TFSAs to tax and penalties in circumstances it considers inappropriate. Now another exception (as interpreted by the Canada Revenue Agency) to the tax-free status of a TFSA is making headlines: trading securities in a TFSA.

Under a recent taxpayer audit project, the CRA now takes the position that where a TFSA has bought and sold securities in a manner it considers to be a trading business, then the income and gains are subject to income tax, potential penalties, and daily compound interest.

Whether a taxpayer is carrying on a business of trading securities has been litigated for decades because it is a "grey area" of the tax law involving the consideration of a variety of factors including the number and frequency of trades, the relationship of the TFSA beneficiary's regular occupation to the securities industry, the time spent undertaking securities transactions compared to other business or employment activities, and a host of others, with no single factor being determinative. Consequently, Canadians who have increased the value of their TFSA by actively buying and selling securities now face considerable uncertainty as to whether those gains are actually tax-free. If assessed, the onus is on the taxpayer to prove that the CRA is incorrect.



Both the United States and the United Kingdom have their own versions of the TFSA, the Roth Individual Retirement Account (IRA) and the Individual Savings Account (ISA), respectively. Both are subject to restrictions similar to TFSAs in that they tax income earned from either an "unrelated business" (Roth IRA) or carrying on a business (ISA). But neither the US nor the UK tax authorities consider trading in securities to put IRAs or ISAs offside. The CRA's position is unique in tax law and appears to defeat the purpose of the TFSA – as a vehicle to save for retirement.

The uncertainty arising from the CRA's TFSA audit project results from a dearth of clear guidance as to what the CRA considers "carrying on one or more businesses" within a TFSA. In our view, a simple bright-line test should be applied: any income or gain from a qualified investment in a TFSA should be tax-free whether the gains result from a single trade or an actively traded portfolio.

Whether or not the federal government clarifies its policy on TFSAs trading in securities, this issue appears destined for the Tax Court of Canada. In the meantime, Canadians who have earned significant amounts in their TFSAs will have to live with the uncertainty as to whether those gains are truly tax-free. t

How safe is your Tax-Free Savings Account from the taxman?

2015 tax changes

by Jeff Bowes
Research Director

New Year's is a time for celebration ... and also a time for tax changes. On Jan. 1 a new tax year begins; that usually means the government starts taking even more of your money but this year is a little different. For some Canadians this year's tax changes mean more money in their pockets. That's a good reason to celebrate.

However, these tax savings aren't for everyone. The good news is only for taxpayers with children under 18. The tax savings are from enhancements to the Universal Child Care Benefit (UCCB). UCCB payments will increase from $100 a month to $160 for each child under six plus a new benefit of $60 a month for children from six to 17. The payments are taxed as income and the Child Tax Credit (CTC) was eliminated.

After accounting for the extra income taxes paid and the loss of the CTC, the UCCB enhancement means an extra $441 in the pockets of the average single-income family making $60,000 with two kids between six and 17. Because UCCB is taxed, the changes are worth more to lower-income families but benefit everyone with children under 18.

There are much better ways to cut taxes. In fact, the enhancement to UCCB isn't even a tax cut; it's an increased benefit payment. However we included it in our calculations because if we didn't they would show taxes increasing for families with children because of the elimination of the CTC. That wouldn't be accurate because with the UCCB enhancements families will have more money in their pockets at the end of the year.

The changes on Jan. 1 2015 don't give a complete picture. In October 2014 the federal government announced both the UCCB enhancements and the Family Tax Cut (FTC), which took effect retroactive to Jan. 1, 2014. So families with children got a tax cut last year too.

The FTC is a tax credit of up to $2,000 for couples with children under 18. The credit is based on the tax savings you would get if you transferred up to $50,000 of income to your spouse and took advantage of his or her lower tax bracket. This tax credit and the UCCB mean tax savings for families ranging from a few hundred dollars to more than $2,500. Neither of these approaches are the best way to cut taxes, however the tax savings are significant.

"Putting more money back in the pockets of Canadian families is a positive development," said CTF Federal Director Aaron Wudrick. "While we would have rather seen

Q: If the Harper government implements its income splitting proposal, how strongly would you support or oppose that decision?

Strongly support	26.7%
Somewhat support	26.0%
Neutral	21.7%
Somewhat oppose	8.8%
Strongly oppose	11.9%
Don't know	5.0%

2014 CTF Supporter Survey

a simpler approach, such as broad-based tax relief, income splitting, expansion of the UCCB and a higher child care deduction are considerably better than a giant institutionalized national daycare system."

Before the government announced these tax changes, we surveyed our supporters. Your 5,707 responses let us know what you thought about the government's income splitting proposal. Unsurprisingly our supporters strongly supported a broader tax cut with 71.6% preferring lower rates and fewer brackets over income splitting. However 54% responded that if income splitting was implemented they would support it. Another 22% would neither support nor oppose it.

The bad news is that all taxpayers without children under 18 will pay more taxes in 2015 than they did in 2014. The tax rises are mostly small; a Canadian average of $23 for a single person making $60,000. In some provinces the tax hikes are much higher and that's mostly because of bracket creep. In the 1990s the CTF fought to get governments to index their tax brackets. Most provinces and the federal government did, and in those provinces salary increases matching inflation don't move taxpayers into higher tax brackets. Three provinces still don't index their tax brackets and that means higher provincial taxes for many taxpayers in Manitoba, PEI and Nova Scotia.

The bracket creep in those three provinces is small compared to the huge jump in health care taxes for a small number of taxpayers in British Columbia. The health care tax jumps dramatically when you make anything over $30,000. If you're a single person making less than $30,000, you pay $612 a year; if you earn a single dollar more, the tax jumps to $864. That's an extra $250 in taxes for making $1 more. The bad news continues for BC with a proposed TransLink sales tax in the Lower Mainland which would cost the average household $258, making it the biggest tax increase in the country in 2015. That is if voters want it: they get their chance to vote on it in the spring.

New Year tax changes were good news for many Canadians but with tax increases in many provinces and no tax relief for taxpayers without children, there is still a lot of work to do. t

2015 tax changes

Cases	Average
Single - $15,000	+$9
Single - $30,000	+$38
Single - $60,000	+$23
Single - $80,000	+$24
Single - $100,000	+$24
Single - $150,000	+$45
Single - $200,000	+$99
Single Income Family, 2 Kids - $30,000	-$489
Single Income Family, 2 Kids - $60,000	-$441
Single Income Family, 2 Kids - $80,000	-$405
Single Income Family, 2 Kids - $100,000	-$401
Single Income Family, 2 Kids - $150,000	-$381
Single Income Family, 2 Kids - $200,000	-$326
Equal Incomes Family, 2 Kids - $60,000	-$442
Equal Incomes Family, 2 Kids - $80,000	-$338
Equal Incomes Family, 2 Kids - $100,000	-$272
Equal Incomes Family, 2 Kids - $150,000	-$231
Equal Incomes Family, 2 Kids - $200,000	-$123
High and Low Income, 2 Kids - $30,000	-$681
High and Low Income, 2 Kids - $60,000	-$399
High and Low Income, 2 Kids - $80,000	-$358
High and Low Income, 2 Kids - $100,000	-$307
High and Low Income, 2 Kids - $150,000	-$279
Equal Income Couple - $80,000	+$21
High and Low Income Couple - $80,000	+$41

Total Tax Savings From FTC and UCCB

Cases (with two kids)	AB	BC	MB	NB	NL	NS	ON	PE	SK	QC	Average
Single Income Family - $30,000	$503	$547	$288	$480	$512	$397	$526	$368	$507	$450	$489
Single Income Family - $60,000	$1,519	$1,587	$1,434	$1,612	$1,609	$1,542	$1,647	$1,529	$1,631	$1,358	$1,526
Single Income Family - $80,000	$2,348	$2,487	$2,209	$2,476	$2,445	$2,399	$2,489	$2,325	$2,463	$2,094	$2,338
Single Income Family - $100,000	$2,323	$2,521	$2,195	$2,479	$2,428	$2,386	$2,468	$2,307	$2,442	$2,110	$2,334
Single Income Family - $150,000	$2,294	$2,561	$2,200	$2,484	$2,408	$2,297	$2,408	$2,241	$2,402	$2,128	$2,314
Single Income Family - $200,000	$2,295	$2,562	$2,201	$2,484	$2,409	$2,297	$2,259	$2,242	$2,403	$2,139	$2,259
Equal Incomes Family - $60,000	$355	$419	$264	$398	$397	$355	$529	$471	$317	$435	$442
Equal Incomes Family - $80,000	$355	$413	$231	$330	$328	$355	$281	$361	$317	$420	$338
Equal Incomes Family - $100,000	$219	$357	$110	$232	$202	$253	$292	$235	$147	$284	$272
Equal Incomes Family - $150,000	$231	$265	-$88	$213	$193	$178	$268	$116	$155	$231	$231
Equal Incomes Family - $200,000	$125	$245	-$142	$141	$101	$82	$98	-$55	$55	$158	$123
High and Low Income - $30,000	$723	$727	$510	$628	$732	$574	$717	$680	$729	$640	$682
High and Low Income - $60,000	$430	$597	$342	$476	$472	$550	$456	$522	$356	$496	$470
High and Low Income - $80,000	$1,515	$1,498	$1,416	$1,531	$1,550	$1,591	$1,490	$1,599	$1,468	$1,344	$1,443
High and Low Income - $100,000	$1,580	$1,664	$1,452	$1,643	$1,626	$1,698	$1,699	$1,635	$1,539	$1,459	$1,588
High and Low Income - $150,000	$1,691	$1,786	$1,540	$1,756	$1,669	$1,676	$1,752	$1,625	$1,651	$1,540	$1,666
High and Low Income - $200,000	$2,093	$2,281	$1,958	$2,133	$2,083	$2,028	$2,134	$2,038	$2,008	$1,868	$2,049

Generation
BOOK T

by Aaron Gunn
Director of Special Projects

The Canadian Taxpayers Federation last November launched a Canada-wide Generation Screwed Book Tour, promoting the new, critically acclaimed book at universities and colleges across the country. With your support, we reached out to hundreds of students, brought attention to our initiative and distributed copies of the new book to many interested young Canadians.

And there are even more events planned for 2015.

The Book

Inspired by our campaign and written by CTF Ontario Director Candice Malcolm, the book examines the plight of future generations of Canadians, and specifically the government's reckless fiscal management and out-of-control spending. The book raises the alarm on not only the $1.2 trillion in government debt, but also the program liabilities (expected funding shortfalls) commonly found in our pension plans and health care system.

Combine this with the demographic squeeze that will see the worker-to-retiree ratio cut in half in a quarter-century, and the future just no longer adds up for young Canadians.

Importantly, the book also offers the necessary solutions and tools for these young Canadians to fight back. That is why we are taking the book to school campuses across the country to raise awareness and challenge students to get involved.

The Tour

Since November 2014, Generation Screwed has worked with Candice Malcolm to hold events on university and college campuses across the country. The events are coordinated by local campus coordinators (student volunteers) who assist in booking rooms and promoting the events both on social media and on the campus itself.

To date, we've hosted Malcolm at the University of Waterloo, Université de Montréal, McGill University, Carleton University, University of Alberta, University of Calgary and Mount Royal University. At each stop, Malcolm delivered a 45-minute presentation, informing students as to why their generation is screwed and what they can do about it. Students were also given the opportunity to ask questions and converse with Malcolm in an informal and open environment. They also all received a signed copy of her new book.

One of our most successful events was at the University of Calgary, where local Generation Screwed coordinator Caitlyn Madlener hosted nearly 20 interested students, who listened intently and asked questions following Malcolm's presentation. And in Mon-

Generation Screwed book tour at the Université de Montréal (top) and the University of Waterloo (bottom).

Screwed

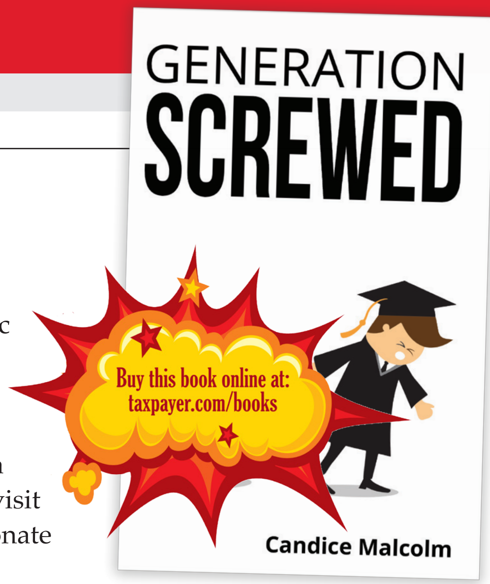
TOUR

treal we broke new ground, as McGill and UdeM hosted their first-ever events as official Generation Screwed clubs, both of which were great successes.

And we're not done yet. Even more events are being planned and all CTF supporters, not just students, are welcome to attend. For details on these and other Generation Screwed events visit GenerationScrewed.ca/take-action/attend-an-event/.

How to order your copy

To order your physical or electronic copy, visit Taxpayer.com/books and select *Generation Screwed* from our list of recommended titles. Alternatively, to donate a book to a student at a university or college, visit CandiceMalcolm.com and select "Donate a Book."



Coordinator spotlight: Devin Drover

Newfoundland and Labrador has seen tremendous economic growth over the last decade, with GDP and personal earnings reaching record levels. However, government mismanagement during this same time period has resulted in huge increases to the province's net debt, which is now approaching the $10-billion mark. According to Devin Drover, Generation Screwed campus coordinator for Memorial University in St. John's, this has to change.

Drover is a third-year economics student. In addition to his studies, he works as a research assistant for Memorial's Centre for Applied Economic Research, as the features editor for his campus student newspaper, *The Muse*, and as a student fellow with the Atlantic Institute for Market Studies. After being involved with provincial and federal politics, he found himself frustrated with expanding government debt. As a result, Drover took on his present role with the Generation Screwed campaign to raise awareness and to advocate for changes which he believes are desperately needed for the sake of future generations.

Drover was also one of the 18 activists to attend the Generation Screwed annual retreat last summer. There he learned valuable skills regarding campus activism and the most effective approaches to presenting the campaign to his fellow students. After returning to campus in September, Drover started an official Generation Screwed club at Memorial University, and led a promotional campaign with the aim of raising awareness of the campaign and its goals. His biggest achievement with the club so far was organizing a lecture from Derek Butler, who is the executive director of the Association of Seafood Producers. Butler gave an engaging talk on issues surrounding government mismanagement, economic regulations and the provincial debt burden. Drover has lined up additional guest speakers for this year, and hopes to keep advocating for free-market-focused economic decision-making in a province that drastically needs it. t

2014 Year in Review

by Scott Hennig
VP Communications

Each year Canadian Taxpayers Federation offices from coast to coast as well as in Ottawa conduct hundreds of media interviews, hold press conferences, publish reports, make presentations to politicians, government committees and issue news releases, commentaries and online postings to advocate on behalf of 84,000 supporters. 2014 was a great year. We expanded our reach, won some battles and set the stage for future taxpayer victories.

.....New Staff

Last year we had a complete staff turnover in the nation's capital. In early 2014, Research Director Nick Bergamini left. We were pleased to get Jeff Bowes in mid-March. Jeff had spent the previous five years on Parliament Hill doing research and video production. This was, however, not Jeff's first time working for the CTF. As a university student at Carleton, Jeff was hired in 2007 to wear the Fibber costume – a Pinocchio-like mascot – following around then-Ontario premier Dalton McGuinty to remind voters of his broken tax pledge.

In October, our Federal Director Gregory Thomas left Ottawa to follow his better half back to Vancouver. Gregory started with us in 2010 as our British Columbia director and moved to Ottawa in 2011 to take over the federal file.

Interest in the federal director position was very high, attracting more than 50 applicants. After going through many resumes, written evaluations and interviews, we hired Kitchener-Waterloo, ON native Aaron Wudrick.

Aaron is a lawyer and former lobbyist. He earned his bachelor's degree at Waterloo and his law degree at the University of Western Ontario. After briefly practising in Kitchener, Aaron hopped the pond to London, where he split his time among England, Dubai and Hong Kong doing corporate law. He returned to Canada to work with a lobbying firm in Ottawa.

Jeff Bowes (L) and Aaron Wudrick (R).

.....Student internship program

Our student internship program completed a sixth successful year in 2014 with three students working for the CTF. Ian Allen, a University of Toronto graduate, came to the CTF during the winter of 2014 after taking a year off law school. Ian predominantly worked out of Toronto under the direction of Ontario Director Candice Malcolm. Ian managed some of our social media accounts and did significant research on municipal issues in Ontario. Ian also worked on our BankruptingOntario.ca campaign.

The CTF's Ottawa summer internship program generated tremendous interest. Twenty people applied for just two positions in the nation's capital. It was a very difficult process to narrow down to a final two, as we easily could have hired more than 10 of them. In the end, Heather Bone and Tyler Lively were selected.

Heather had just finished her first year of political science studies at Waterloo. She spent many hours streamlining our record management systems, as well as researching chief and councillor salaries once the records from the *First Nations Financial Transparency Act* were released. Heather also spent some time inside the Porky costume, appearing on stage during the "Screwed U" press conference and in a promotional video for our 25th anniversary.

Tyler came to us after completing his second year of economics studies at Queen's. Tyler, a Nova Scotia native, dug through Freedom of Information results, helping Alberta Director Derek Fildebrandt sort through hundreds of pages of scandalous severance payments in Fort McMurray, AB. Tyler also appeared on stage during the "Screwed U" press conference, speaking to and taking questions from the national press gallery.

Ian, Tyler, Heather

.....TaxFighter Award

For the first time in the CTF's history the TaxFighter Award was presented to a non-Canadian. Bjorn Tarras-Wahlberg, outgoing secretary general of the World Taxpayers Associations (WTA), was presented the award during the World Taxpayers Conference in Vancouver last May.

After building one of the world's largest taxpayer associations in Sweden, Bjorn helped found the WTA in 1988 and served as the organization's secretary general for 26 years.

Bjorn has a particular passion for flat taxes. He has travelled to dozens of countries to support the policy. During his tenure flat taxes have been introduced in 26 additional countries (only Hong Kong had flat taxes prior to 1988).

Bjorn Tarras-Wahlberg receiving the CTF's TaxFighter Award May 30 in Vancouver.

.....First Nations Financial Transparency Act

Last year marked the completion (we hope) of a campaign initiated in 2009 when CTF Prairie Director Colin Craig publicized the contents of a brown envelope he'd received. It detailed the outrageous salaries of the chief and band council of the Peguis reserve in Manitoba. More brown envelopes followed, as well as requests from grassroots band members across Canada asking how they could get their hands on information about their own bands' finances and politicians' pay.

Believing that "sunlight is the best disinfectant", the CTF filed multiple Access to Information requests for chief and band council salaries. Told that previous court rulings barred the federal government from releasing this information, the CTF demanded the law be changed.

The *First Nations Financial Transparency Act* (FNFTA) was that change. Passed in 2013, the FNFTA came into effect in July 2014. While some were slow to comply, by the end of 2014 only 30 of the country's 582 aboriginal bands had not fully complied with the law. The federal government has initiated legal proceedings against a few of these bands that have indicated they have no intention of complying with the law.

The disclosure exposed more examples of band politicians filling their pockets while their citizens too often lived in unfit homes and without access to such basic necessities as clean water.

One of the largest amounts FNFTA exposed was in British Columbia. Kwikwetlem First Nation Chief Ron Giesbrecht had pocketed an $800,000 "bonus" as part of a band land deal. In response, band councillor Marvin Joe told the *National Post*: "I want the public to know that the membership knew nothing about this. And if it wasn't for this new transparency act, I don't think we ever would have known."

Unfortunately, federal Liberal Leader Justin Trudeau has promised to scrap the FNFTA if elected prime minister. The CTF will not let Trudeau repeal this vital transparency legislation without a fight.

MILLION-DOLLAR CHIEF PROMPTS CONCERN

Reported salary 'very troubling': Ministry

By John Ivison

It's good to be the chief. Ron Giesbrecht, chief of the 80-member Kwikw...

First Nations Financial Transparency Act long overdue

Empowering aboriginal Canadians

GUEST COLUMN

PAULA SIMONS

...MONTON

...oe Pastion, 41, is chief of the Dene Tha' First Nation. The ...and, in the far northwest cor...er of Alberta, 555 kilometres ...orth of Grande Prairie, has a ...egistered population of 2,911.

According to audited statements filed with the federal department of Aboriginal Affairs and Northern Development, the chief of the Dene Tha' earns about $88,000 a year, plus expenses. Band councillors get paid a base salary of $60,000. Last year their expenses ranged from a low of $3,500 to a high of $29,000. That may not sound very exciting. But the simple fact that we know it ...

near Rocky Mountain House, has a population of 1,270. Last year, it paid Chief Darren Whitford, a base salary of $164,453, with another $100,778 for travel and personal expense, for a total compensation package of $265,231.

(Neither Alook nor Whitford was available for comment last week.)

Those kinds of compensation packages make it seems almost unexceptional that the Samson First Nation, with a population of 8,000, paid its councillors a mere $150,000 to $190,000 a year, with $6,000 for expenses.

Yet it's important to note the huge disparities, to point out that other bands such as the Piikani or Tallcree paid salaries in the $45,000 to $7...

CTF helped expose the excessive salaries paid chiefs and councillors.

.....BC MLA expenses online

Every year the BC legislature's finance committee holds budget consultations across the province, and every year the CTF's BC Director Jordan Bateman tells MLAs they need to start disclosing their expenses – including receipts.

After years of scolding by the CTF, the MLAs agreed to post all of their expenses online, including receipts, in May 2014.

At the time, Finance Minister Mike de Jong said "throw the doors open, put the documentation out there. If you are worried about someone seeing a receipt for an expenditure ... it's probably something you shouldn't have done."

While the receipts were supposed to be online in September 2014 (using a system similar to Alberta's – another CTF victory from 2013), only summary information was available by the end of 2014. The CTF will continue to hold MLAs accountable for this promise until all of the receipts are posted.

.....TransLink tax referendum

This will undoubtedly be one of the biggest stories of 2015 for the CTF, but it's one that has been brewing for several years. The South Coast British Columbia Transportation Authority (TransLink) has big plans. It wants to expand its services and it wants taxpayers to pay an extra 0.5% PST in the Lower Mainland to fund them.

Thanks to an election promise by the governing BC Liberals, the PST hike has to first be approved by voters in a referendum.

The CTF's BC Director Jordan Bateman has led the charge against TransLink's wasteful ways for more than three years now and has taken the reins of the NO campaign.

The CTF's NO campaign launched in December 2014, but the mail-in-ballots won't be sent out until March, with a deadline of May 29 to return them.

Stay tuned.

Photo: Ian YVR/Flickr/CC BY-NC

CTF is leading the charge for the NO campaign

.....Multi-million-dollar Crown upgrade scrapped

One sentence. That was the entire public disclosure in an annual report of Crown corporation SaskPower's renovation of its Regina headquarters. Fortunately, a whistleblower alerted CTF Prairie Director Colin Craig to the planned $143-million renovation, suggesting we dig deeper. And Colin did.

It turned out the government power company had big plans, including a "foot-washing station" (intended to "meet the requirements of a diverse workforce and promote a culture of inclusion"), a roof-top patio renovation and "living walls." (Living walls are entirely covered with vines, grass or plants.)

Within hours of the CTF releasing the details, Bill Boyd, the minister responsible for SaskPower, put the renovations on hold and said there won't be any lavish rooftop patios or "living walls."

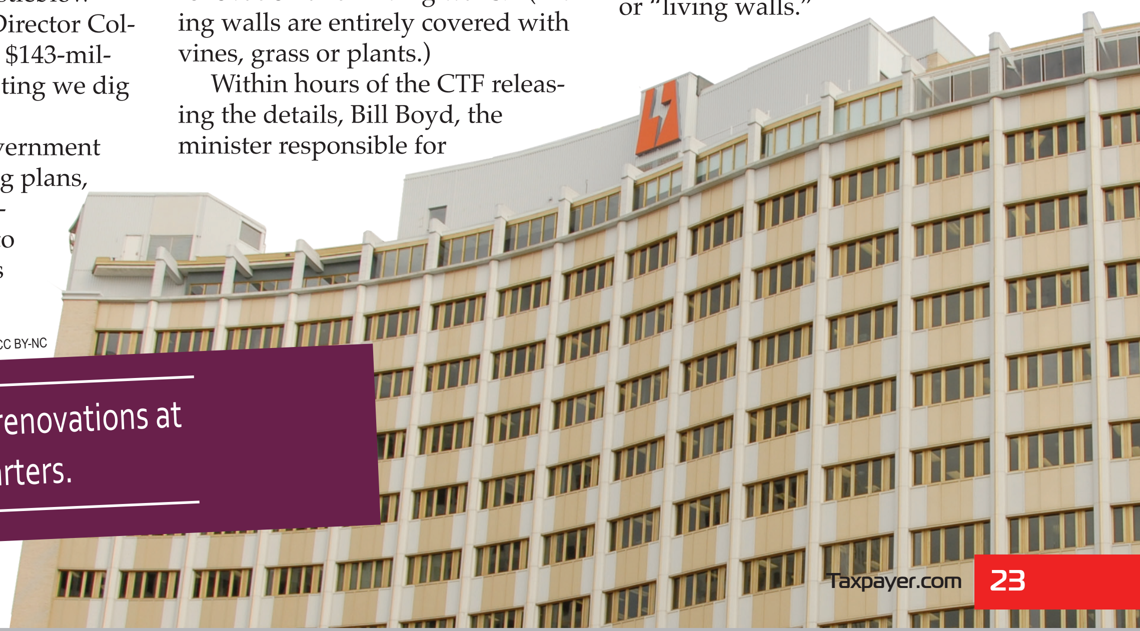


Photo: SaskPower/Flickr/CC BY-NC

CTF stopped major renovations at SaskPower headquarters.

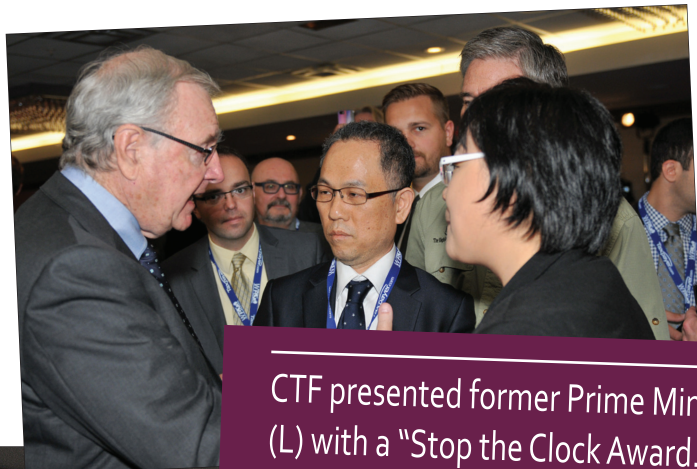
.....World Taxpayers Conference

The CTF undertook a major initiative in 2014 hosting the World Taxpayers Conference. Two hundred delegates, representing 45 organizations from 21 countries, represents – we believe – the largest World Taxpayers Associations gathering ever assembled.

Speakers included Fraser Institute founder Dr. Michael Walker, former Canadian Alliance leader Stockwell Day, former Prime Minister Paul Martin, well-known commentator Rex Murphy, CATO Institute's Dr. Dan Mitchell, the *Wall Street Journal's* John Fund, Americans for Tax Reform's Grover Norquist, the Financial Post's Peter Foster and many others.

The CTF was also pleased to present former Prime Minister Paul Martin a "Stop the Clock Award" for his time as finance minister. Martin oversaw cutting of the bureaucracy en route to balancing Canada's budget in 1997 and an $81.4-billion reduction in Canada's federal debt.

One of our goals was to ensure that 10% of delegates were students. We were able to raise more than $20,000 to bring 18 young Canadians from coast to coast to Vancouver to attend the conference.



CTF presented former Prime Minister Paul Martin (L) with a "Stop the Clock Award."

Delegates representing 45 organizations from 21 countries attended the conference.

.....Generation Screwed

The CTF's youth initiative, Generation Screwed, completed its first full year in the summer of 2014. To say that we've been pleased with the results would be an understatement. When we started in 2013, our goal was to extend our reach onto 20 campuses by the end of year three. At the start of year two, we were already on 25 campuses.

In addition to more than 20 speaking events at university and college campuses last year, the Generation Screwed initiative conducted two student contests, provided training for campus coordinators, brought delegates to the World Taxpayers Conference, conducted a Debt Clock tour and recruited new volunteers at the Manning Networking Conference.

Speakers on campuses ranged from local business people to CTF staff and board directors. The CTF's Ontario Director Candice Malcolm even took the presentation she prepared for the students and turned it into a book. Named after the initiative, the book is titled "Generation Screwed." Malcolm launched the book in

the fall of 2014; it can be purchased at Taxpayer.com/books.

The two student contests – an essay contest and an infographic contest – were won by Renaud Brossard (Université du Québec à Montréal) and Peter Gorski (University of Toronto) respectively. A portion of Renaud's essay appeared in the Summer 2014 edition of *The Taxpayer*.

Generation Screwed also set up a booth at the 2014 Manning Networking Conference in Ottawa. Manned by campus coordinators from across the country, the booth encouraged dozens of students to sign up to support Generation Screwed. Some signed up to be their schools' coordinators for the initiative.

In August, Generation Screwed held its second annual retreat, this time in Buffalo, NY. The CTF's Director of Special Projects Aaron Gunn worked with the prestigious Leadership Institute out of Washington, DC, to arrange for top-notch training for 18 coordinators from as far away as Victoria and St. John's. The first day of training was conducted by CTF staff, the second and third by Leadership Institute staff.

Lastly, Gunn and CTF intern John Whittaker took the Debt Clock on the on its second September campus tour, this time hitting nine campuses in Alberta and Saskatchewan.

Generation Screwed training session in Buffalo, NY.

....Stripping convicted politicians of their pensions

In June 2013, former CTF federal director turned MP John Williamson introduced Bill C-518, the *Protecting Taxpayers and Revoking Pensions of Convicted Politicians Act*. If passed, the bill would strip the taxpayer-funded pension from any MP or senator convicted of a serious crime while an elected official.

The bill stems from the 2010 MLA expense scandal in Nova Scotia. At the time, CTF Atlantic Director Kevin Lacey called on the government to strip the pensions from any MLA convicted of stealing from and defrauding taxpayers. In 2013, after three MLAs were convicted, the NDP government finally came around and passed the CTF-inspired law, just in time to strip the pension from the fourth and final MLA convicted in the expense scandal.

A month after the law was passed in Nova Scotia, Williamson introduced the bill in the House of Commons.

In February 2014, the bill passed second reading and proceeded to committee. While the bill was slightly watered down in committee, it passed in November 2014. The current bill would still have stripped former senator Raymond Lavigne and former cabinet minister Joe Fontana of their pensions, had it been in place years ago.

Third reading was scheduled for early 2015. If passed by the House, it would proceed to the Senate.

.....Duty of Care appeal

In April 2014, taxpayers across Canada won an important judgment that will change the way the Canada Revenue Agency (CRA) has to deal with them. Valemount, BC, native Irvin Leroux has been fighting the CRA since the '90s. After auditing his business, the CRA claimed he owed $600,000 in back taxes. Knowing he had paid all his taxes in full, Leroux fought the CRA, but while awaiting his day in court he was forced to sell his businesses, losing millions.

A legal judgment a decade later decided that Leroux did not owe $600,000. In fact, he was owed $25,000 by the CRA.

Leroux filed a lawsuit shortly thereafter to get the CRA to compensate him for the loss of his business. Last April he both lost and won in court. The judge unfortunately didn't find enough evidence to award Leroux compensation for his losses, but did rule that the CRA had a "duty of care" to treat taxpayers fairly.

Over the years, many lawyers have argued that this "duty of care" existed, but none had been successful, until Leroux's case.

However, this historic judgment is under attack. While Leroux has appealed the decision to not compensate him for his losses, the CRA has cross-appealed to remove "duty of care."

Now retired and living on a small pension, Leroux does not have the resources to fight this battle alone. The CTF has stepped up to the plate, agreeing to raise funds to pay lawyers to fight for compensation and more importantly to keep the historic "duty of care" judgment in place. [See page 14 for more information about Irv's case.]

The CTF is supporting Irv Leroux's legal case that CRA owes a "Duty of Care" to taxpayers.

.....Labour Day Reality Check

Last fall marked the CTF's fourth annual Labour Day Reality Check. In 2011, we focused on exposing the growing wage gap between government employees and everyone else in Canada. In 2012, we turned the spotlight onto the astounding pension gap. In 2013, we looked at the gap in sick day usage between government employees and the rest of us. And in 2014, we exposed massive taxpayer bailouts of government employee pension plans.

In 2002, taxpayers contributed $6.7 billion to government employee pension plans. In 2012, that number had skyrocketed to $18.1 billion – a 169% increase in a decade. The number of government employees with taxpayer-funded pension plans also went up, from 2.5 million to 3.2 million, but that only represented a 25% increase.

Despite a more than doubling in contributions, few have heard about these bailouts. The reason: there are no big novelty cheque presentations; governments just quietly hike contributions year after year.

Public servants want paid days off to grieve 'spirit friends' 366

TORONTO SUN FRIDAY SEPTEMBER 12 2014

BY JESSICA HUME, NATIONAL BUREAU

FIRST POSTED: THURSDAY, SEPTEMBER 11, 2014 04:28 PM EDT | UPDATED: THURSDAY, SEPTEMBER 11, 2014 05:57 PM EDT

OTTAWA — The Public Service Alliance of Canada (PSAC) wants its members to be able to take paid grieving days for "aboriginal spirit friends."

The Educational and Library Science group of the public servant union did not offer an explanation or definition of "aboriginal spirit friend," but wants the term added to the list of family members workers can take days off to mourn.

....16th Annual Teddy Awards

The CTF's premier annual event, the Teddy Waste Awards, commemorate the best of the worst in government waste with a black-tie affair on Parliament Hill in February.

Once again, it was a tight race for the golden sow. Nominees that came up short of a win included:

- Hydro Quebec, for paying unionized crane operators double-time to sleep at home while crane operators from Germany actually worked on a hydro project;
- Brampton Mayor Susan Fennel, for spending taxpayer money on Mandarin Chinese lessons, personalized BBQ aprons and a pricey hotel in Toronto (44 km away);
- The Department of National Defence, for a $14,000 public opinion poll on the powers of superheroes;
- And lastly, the City of Winnipeg, for building a fire hall on land it didn't own.

Federal government spent $2.5 million on TV ads for a program that didn't exist

The federal Teddy Award went to Employment and Social Development Canada, for spending $2.5 million on TV ads promoting the then non-existent Canada Jobs Grant during the 2013 NHL playoffs. The first Canada Jobs Grant wasn't handed out until more than a year later, in October 2014.

The provincial Teddy Award went to former Toronto Pan-Am Games CEO Ian Troop. This highly paid ($552,065) former CEO oversaw the $2.5-billion event as it went $1.1 billion over budget, all the while expensing everything from 91 cents for parking to $8,500 for a lavish party in Mexico.

The municipal Teddy Award went to Metro Vancouver's regional transit authority, TransLink, for shelling out $4.5 million to build a parking lot that charges a $2-per-day toll … and sits completely vacant all the time.

And perhaps most prestigiously, the Lifetime Achievement Teddy went to the Senate of Canada. With one former senator just finishing a jail term in 2014, two awaiting trial and two others suspended and under police investigation, the unelected house of pork and patronage was an easy selection.

....Sixteen years of Gas Tax Honesty

The CTF holds Gas Tax Honesty Day on the Thursday before the May long weekend each year. The goal is to highlight the high and hidden taxes motorists pay every time they fill up their vehicles and to report how those dollars are being spent.

With the federal government on the verge of a balanced budget, the CTF focused 2014's Gas Tax Honesty Day on a call to repeal the 1.5 cent per litre "deficit elimination tax."

Introduced in 1995 by the Chrétien government, the deficit elimination surcharge has been paid by Canadian motorists through 11 surplus budgets between 1997 and 2008, when Ottawa racked up $105 billion in total surplus. By the end of the 2014-15 fiscal year, Canadians will have paid a total of $11.4 billion in deficit reduction gas taxes.

The CTF held Gas Tax Honesty Day events in Burnaby, Edmonton, Regina, Saskatoon, Ottawa and Fredericton.

BC director Jordan Bateman answering media questions at Gas Tax Honesty Day news conference in Vancouver.

....In committee

In the nation's capital the CTF is always in demand to appear before Parliamentary and Senate committees; 2014 was no exception. While forced to turn down many requests, the CTF's outgoing federal director, Gregory Thomas, and our new federal director Aaron Wudrick, both made appearances in 2014.

Thomas kicked off committee season in May with back-to-back appearances, first before the Standing Senate Committee on National Finance to discuss a section of the omnibus budget implementation bill. It created an amalgamated administrative tribunals support service, essentially a one-stop shop for the dozens of tribunals the federal government has created.

Two days later, Thomas pitched EI reform to the House of Commons Standing Committee on Finance. He told the committee members: "We [the CTF] remain troubled that since the financial meltdown of 2008 the average Canadian couple – each partner earning $50,000, at least – between them and their employers, they're sending $934 a year more to Ottawa in employment insurance payroll taxes than they were at the onset of the recession."

Thomas was back before the same committee in September to present recommendations for the 2015 federal budget. He shared with MPs the results of our supporter survey: "Interestingly, 53% of this sample of nearly 6,000 Canadians said that paying down Canada's debt was their top priority for what to do with the surplus, while 44% favoured tax cuts and 2% wanted to see more federal spending. So we strongly urge the committee to urge the government to include a debt repayment schedule in the 2015 budget."

November was a busy month in Ottawa, with new Federal Director Aaron Wudrick making back-to-back appearances. The first was before the Standing Committee on Procedure and House Affairs in

support of an NDP motion to allow the submission of electronically-signed petitions. The very next day he was back appearing before the Standing Committee on Citizenship and Immigration in support of giving provinces the right to set minimum residency requirements for refugees to receive welfare payments.

.....Debt Clock tours

Generation Screwed Director Aaron Gunn (L) answers media questions at Grande Prairie Regional College.

The CTF's Debt Clock has crisscrossed the country a few times since we pulled it out of storage, refurbished it and launched a national tour in 2011. However, last year the clock stayed mostly in western Canada.

After spending the winter hibernating just outside Edmonton, the Debt Clock headed to the west coast in May 2014 for the World Taxpayers Conference (WTC) in Vancouver. The clock was rolled right into the main ballroom and plugged in for all 200 delegates to watch. Many international and domestic delegates were eager to see the clock in action, with many taking photos to share with their organizations at home.

The clock was also pulled outside … literally, by some of the 18 student delegates at the WTC. Accompanied by Porky, the CTF's waste-hating mascot, the students tied ropes around the clock and pulled it down West Cordova Street in Vancouver. The picture of the students pulling the clock appeared on the cover of the Fall 2014 edition of *The Taxpayer*.

Following the conference, the clock headed east to Alberta. Unfortunately, the 2002 Ford Explorer that had towed the clock since 2011 did not go along for the ride.

After adding more than 103,000 km to the odometer and having to replace the transmission three times, it was clear we needed something bigger and more able to handle the strain. In July we picked up a 2011 Ford F-150, with 90,000 km on it and a built-in tow package.

We got the new truck just in time to kick off the first Alberta Debt Clock tour since the early '90s. Displaying Alberta's debt, the tour hit 24 communities across the province over a six-day period. Probably the biggest crowd was at the Red Deer Farmer's Market, where thousands of people walked by the Debt Clock during their weekly shopping trip.

In September, the Debt Clock headed out on the road again, this time for the second Generation Screwed Debt Clock Tour. In September 2013 we took the clock to five Ontario university campuses just as students were returning for their fall semester. Aaron Gunn, Director of Special Projects for the CTF, was even more ambitious in 2014, taking the clock to nine campuses over five days, spanning both Alberta and Saskatchewan. It was the first time the Debt Clock had been displayed in Grande Prairie.

2014 Self-reported Media & Activities

	Media Quotes/ Contacts	Activities*	Visitors to Taxpayer.com
Jan	285	139	16,086
Feb	373	150	22,636
March	268	139	46,900
April	232	175	16,886
May	258	141	18,068
June	206	139	21,147
July	292	176	24,894
Aug	246	115	44,154
Sept	220	146	18,120
Oct	170	137	13,119
Nov	182	127	32,987
Dec	217	104	15,117
Total	**2,949**	**1,688**	**290,384**

*Includes self-reported speeches, events, meetings, reports, letters, blog posts, etc.

Indigenous & independent

by Joseph Quesnel

A coming year of change and opportunity

by Joseph Quesnel

This should be an interesting year on the aboriginal file.

With the recent election of Perry Bellegarde as new national chief of the Assembly of First Nations (AFN), there is hope for a renewed relationship with the Canadian government.

But, before looking at the road ahead, it makes sense to look at what has been achieved over the last few years.

The first achievement is the most recent. It concerns one of the most fundamental laws defining the relationship between Canada and its indigenous populations. Bill C-428, the *Indian Act Amendment and Replacement Act*, received royal assent Dec. 17, 2014. This private member's bill was brought forward by Saskatchewan MP Rob Clarke, a First Nation man himself.

The new law does not repeal the *Indian Act* but calls for its eventual negotiated replacement. This is significant because indigenous people have called for the end of the outdated and paternalistic law for generations. Along the way, the new law also repeals condescending parts of the *Indian Act*. Outdated provisions regarding residential schools are removed and parts requiring ministerial signoff on band bylaws are also eliminated. The law also requires the publication of all band bylaws, a move designed to increase transparency at the band level.

Some other significant policy milestones have been reached along the way. The first is the passage of the *First Nations Financial Transparency Act*. Backed by the Canadian Taxpayers Federation and others, this initiative has introduced standards of transparency required of other levels of government. The hard-fought change came after complaints by average band members across the country over their secretive governments. The new law, which received royal assent in March 2013, requires band governments to post audited financial statements and salaries of chiefs and councillors on a public website.

The federal government on June 19, 2013, passed the long-awaited Bill S-2, *Family Homes on Reserves and Matrimonial Interests or Rights Act*. This filled a serious gap in that women living on reserve and caught in marital breakdown had not been protected under the law. Bill S-8, the *Safe Drinking Water for First Nations Act*, came into force in November 2013. This legislation allowed the federal government to develop enforceable regulations governing water and wastewater on First Nations lands.

Of course, these laws do not deal with all the challenges faced by First Nations communities, but they are a

AFN Chief Perry Bellegarde, Saskatoon -- THE CANADIAN PRESS/Trevor Hagan

Newly elected AFN Chief Perry Bellegarde needs to work on property rights for on-reserve natives.

Indigenous & independent

by Joseph Quesnel

> The passage of the *First Nations Financial Transparency Act* has introduced standards of transparency required of other levels of government.

significant start. Fast-forward to 2015 and further challenges are on the way.

Education is one of the most significant challenges. The *Indian Act* contains very few actual provisions on education; standards and enforcement are strangely missing. Education is one area in which Shawn Atleo, the former national chief, attempted to make historic headway with the federal government, but failed. Bill C-33, the *First Nations Control of First Nations Education Act*, was the culmination of years of work. Many chiefs attempted to stymie Atleo's efforts to work with Ottawa on an historic education deal. In the end, a deal that would have provided an actual education law and $1.9 billion for Aboriginal education was put on ice.

Although many viewed Atleo's closeness with Prime Minister Stephen Harper as a sellout, Bellegarde should not abandon this bill. He should sign an accord with Ottawa that includes clear, enforceable standards. The next generation cannot be sacrificed for politics.

One of the most significant potential changes in 2015 is in the area of property rights. A

First Nations property ownership act was first proposed in a 2011 Conservative-led pre-budget report by the House of Commons finance committee. Bellegarde should take ownership on this file and recognize the economic empowerment that could result. The new year is a great opportunity to convince more indigenous communities about the benefits of this type of legislation.

Ottawa has also been investing much effort in the *First Nations Land Management Act* (FNLMA), which allows band governments to opt out of the land management provisions of the *Indian Act*. Studies show that FNLMA participants tend to perform better economically than non-participants. In March 2014, the federal government announced that 19 more bands had entered the FNLMA regime. Let's hope that 2015 sees more bands enter this economically productive path.

The last challenge is resource development. Some First Nations communities are dead set against pipeline development or other projects on their traditional territories while some are not. When Bellegarde was elected, he was clear that he wanted a different relationship between the government and indigenous peoples: "Canada will no longer develop pipelines, no longer develop transmission lines, or any infrastructure, on our lands as business as usual. That is not on." He stated that if resources were to be developed, this would involve royalties and jobs. This at least shows that First Nations leaders are willing to work with business and government on certain terms. Here's hoping that indigenous communities and business in 2015 can be partners in resource development, not opponents.

Whatever decisions First Nations leaders and governments make in 2015, let's hope they set indigenous communities on the path toward just and economically vibrant futures. t

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A Metis, Joseph Quesnel is the former editor of the Winnipeg-based Aboriginal newspaper *First Perspective* (www.firstperspective.ca) and a regular contributor to the *Winnipeg Sun*. Presently, he works as policy analyst with the Frontier Centre for Public Policy in Bayfield, Nova Scotia. Joseph is a long-time advocate for limited government.

The TransLink referendum: Why should the rest of BC care?

by Jordan Bateman
BC Director

Other British Columbians can be forgiven for shaking their heads at the rush by Lower Mainland mayors to raise the Provincial Sales Tax on their residents by 0.5%. The mayors want $250 million a year to hand over to TransLink, one of the most wasteful government agencies in all of Canada, and are holding a referendum this spring to approve the increase.

But make no mistake, British Columbians: this affects every single one of us, whether we live in TransLink's tax zone or not. Here are four ways this will cost you more – even if you don't live in Greater Vancouver.

1. Visiting the Lower Mainland will get more expensive. If you ever travel to Greater Vancouver, your trip will cost more. Hotels, car rentals, parking and souvenirs: they will all cost more.

2. Doing business with Lower Mainland companies will get more expensive. Ever contracted a Lower Mainland service? Or ordered something from a Greater Vancouver-based company? If it's PST taxable, it will cost you more.

3. You're on the hook for $4.5 billion of this $7.5-billion plan. The TransLink mayors want $4.5 billion from the federal and provincial governments as part of their $7.5-billion spending spree. There is no way to ensure that such money only comes from Lower Mainland taxpayers, so you can bet some of your hard-earned dollars will be flowing to Gregor Robertson's underground SkyTrain lines to Arbutus in fancy-schmancy west Vancouver.

4. This is a wide-open door for similar PST hikes in your community. This is the biggest concern. Once local government gets its hands on a share of the PST in the Lower Mainland, you can bet local mayors will begin lobbying for the same increase in Greater Victoria, Nanaimo, Kamloops, Kelowna, Vernon, Prince George, Penticton, Cranbrook, Whistler, Fort St. John, Kitimat, Prince Rupert, Dawson Creek, and everywhere in between.

> "Every BC taxpayer will be on the hook for $4.5 billion of the TransLink project."

Some areas might want it for transit, others for city hall spending, but make no mistake: Tax hikes spread, which is why we need to stop this one before it starts.

If the TransLink mayors get this PST hike, it won't be long before they're back demanding more. TransLink burns through money like a pyromaniac through matches. The TransLink gas tax used to be nine cents per litre, now it's 17 cents per litre. TransLink parking taxes used to be 10%, now they're 21%. TransLink raises property taxes by 3% every single year. TransLink fares have been hiked countless times. So it won't be long before this 0.5%

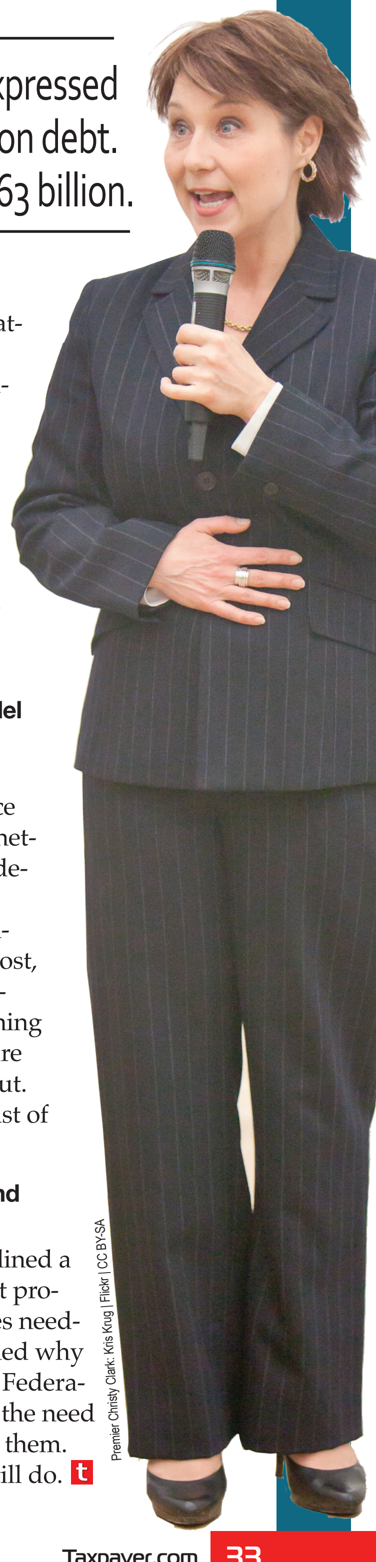
PST increase is 1%, then 2%.

If you live in the Lower Mainland, go to NoTransLinkTax.ca and register your support for the CTF's No TransLink Tax campaign (and be sure to vote NO in the 2015 mail-in referendum). And if you live outside the Lower Mainland, talk to any of your friends and family in Greater Vancouver and encourage them to vote NO. TransLink must be stopped – or we'll all pay more.

Whatever happened to…?

Wondering about the stories we've told you over the past three years in *The Taxpayer*? Here are some updates on issues we have previously written about.

In 2011, Premier Christy Clark expressed concern about BC's $46.7-billion debt. Today it sits at $63 billion.


Premier Christy Clark: Kris Krug | Flickr | CC BY-SA

Corporate Welfare Scheme Exposed

(Fall 2012) – The BC government's Pacific Carbon Trust took tax dollars out of hospitals and schools and transferred them to some of the biggest companies in BC to curb pollution. We called for the Trust to be scrapped (*Vancouver Sun* columnist Vaughn Palmer said we were "on a cost-cutter's equivalent of a mission from God" to get rid of it) – and last year, it finally was.

Penticton Shows How All Cities Can Cut Property Tax

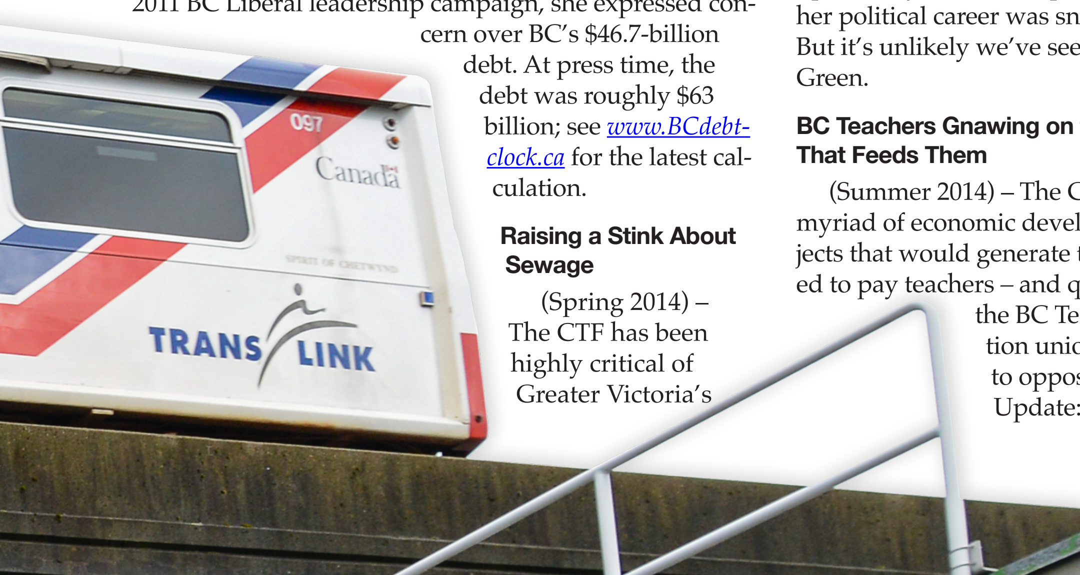
(Winter 2013) – Penticton, BC, realizing many of its residents were on fixed incomes, froze property taxes for three years by aggressively working on cutting costs. After a net drop of 0.5% over three years on Mayor Dan Ashton's watch, taxes went up 2% in 2014 under new Mayor Gary Litke.

Putting His Money Where His Mouth Is

(Winter 2013) – When Penticton Mayor Dan Ashton decided to run for MLA mid-term, he promised he would pay city taxpayers back for the mayoral byelection to replace him. He won a seat in the Legislature and indeed wrote a cheque for $35,000 to the City of Penticton.

Can Comeback Kid Clark Really Deliver a Debt-Free BC?

(Summer 2013) – Premier Christy Clark won a mandate in May 2013, promising a debt-free BC. During the 2011 BC Liberal leadership campaign, she expressed concern over BC's $46.7-billion debt. At press time, the debt was roughly $63 billion; see www.BCdebtclock.ca for the latest calculation.



Raising a Stink About Sewage

(Spring 2014) – The CTF has been highly critical of Greater Victoria's $783-million Seaterra sewage treatment plan, finding that the true cost is now approaching $850 million. The plan has stalled, thanks to Esquimalt council's vote to prevent the plant from being built at McLoughlin Point. A number of pro-Seaterra mayors were defeated in the November 2014 municipal elections, and the Capital Regional District still doesn't know what to do.

Prince George Negotiating a Model for Canadian Cities

(Summer 2014) – Under Mayor Shari Green's leadership, Prince George council hammered out a net-zero contract with CUPE. Green decided not to run for re-election, choosing instead to run for a Conservative Party nomination. She lost, in no small part due to CUPE employees and other opponents signing up for Tory memberships to ensure her political career was snuffed out. But it's unlikely we've seen the last of Green.

BC Teachers Gnawing on the Hand That Feeds Them

(Summer 2014) – The CTF outlined a myriad of economic development projects that would generate the taxes needed to pay teachers – and questioned why the BC Teachers' Federation union feels the need to oppose all of them. Update: they still do. t

Prentice going the way of Getty or Klein?

by Scott Hennig
VP Communications

History has a funny way of repeating itself in Alberta.

Today, Alberta's 16th premier has a lot in common with both Alberta's 11th and 12th premiers. But if he hikes taxes or introduces a new provincial sales tax (PST), he will be repeating a history most Albertans would rather forget.

Don Getty became Alberta's 11th premier Nov. 1, 1985. On the day he was sworn in, oil sat at $30.81 per barrel. Four months later, on March 1, 1986, oil prices had crashed 59% to $12.62, turning a small deficit into a large one.

Jim Prentice became Alberta's 16th premier Sept. 15, 2014. On that day, oil was sitting at $92.86 per barrel. Four months later, on Jan. 15, 2015, oil prices had plummeted 50% to $46.73, making the giant hole in the provincial budget even larger.

The similarities with Getty do not end there.

Getty inherited a government that had been spending like drunken sailors. In today's dollars, Getty's first budget spent nearly $12,000 per Albertan on programs – by far the highest in the nation.

Prentice has inherited a government that has been spending like bankers at a bachelor party. Last year the government spent nearly $10,800 per Albertan on programs – nearly the highest in the nation.

The rest of Getty's story is written, whereas Prentice's is not.

Getty opted to run up the credit card bills and hike taxes. When Getty took the reins, Alberta had a modest $5-billion debt. When he left, it

Photo credits L to R:
Don Getty - Western Report
Jim Prentice - Dave Cournoyer
Ralph Klein - CP Images, Jeff McInt

was more than $20 billion.

His 1987 budget hiked business taxes by more than a third, health care premiums by 28%, nursing home fees by 40%, new fuel and hotel taxes were introduced, and liquor taxes, insurance taxes and income taxes went up across the board. However, the one tax he would not touch was the introduction of a provincial sales tax (PST).

Ignoring spending reductions, taking on debt and hiking taxes did little for the budget and nothing for Alberta's economy.

Alberta's 12th premier, Ralph Klein, never faced a rapid, massive drop in oil prices during his tenure – mostly because they were very low for half of his time in office. Oil prices never reached $30 a barrel again until February 2000 – more than seven years into his time as premier.

But like Prentice, Klein inherited a systemic, long-term deficit. When Klein took office, the books hadn't been balanced for seven straight budgets. As for Prentice, we are nearing the end of the seventh straight budget that hasn't truly been balanced (unless you count borrowing billions for infrastructure, draining contingency funds or changing the definition of a balanced budget as balanced).

The rest of Klein's story is written, Prentice's is not.

Despite low resource prices for his first two terms, Klein managed to balance the budget and pay off a big chunk of Alberta's $22.7-billion debt. Klein, of course would go on to lower taxes and eliminate the entirety of Alberta's debt.

Even during the days of $11 oil (prices actually hit $10.86 in December 1998), Klein never hiked income taxes or even mused about the introduction of a PST. In fact, Klein was so opposed to a PST that his government passed the *Taxpayer Protection Act* – a law still in place that would require a province-wide referendum to permit a PST.

Klein recognized that spending was the real problem, not revenues. The same is true today.

Last year, the Alberta government spent 21% more, per citizen, than our neighbours in British Columbia. We are one of the highest-spending provinces in the nation. We have a spending problem, not a revenue problem.

While low oil is far from ideal, it's no excuse to hike income taxes or introduce a PST. Premier Prentice would be wise to look at the similarities he shares with both Getty and Klein and decide which history to follow. He can hike taxes, maintain sky-high spending and deficit budgets while driving Alberta's economy into the ditch like Getty, or cut spending, balance the books and eventually get to lower taxes like Klein. t

The choice should be obvious. But it's apparently not.

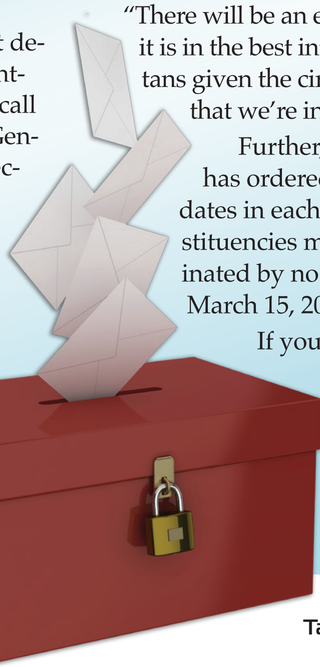
Call Premier Prentice's office and tell him to cut spending and not hike your taxes: 780-427-2251 (toll-free if you dial 310-0000 first).

Early election in the cards?

In 2011, the Alberta government passed a fixed election date law, or at least a "fixed election window" law. Essentially, it laid out in the *Election Act* that the 2012 election had to be held between March 1, 2012 and May 31, 2012. It further prescribed that future elections would be held within the same window, every four years.

However, the law says that despite these dates, the lieutenant-governor still has the right to call an election when he sees fit. Generally, this would mean an election could be triggered if the legislative assembly voted no confidence or voted down the budget or other major government bill.

But it could also be triggered if the premier went to the lieutenant-governor and asked for an early election.



Back in July 2014, during the middle of the PC leadership race, Prentice said: "The election is slated for between March and May 2016. That's the date that's been committed to and it's one I will adhere to."

However, on Jan. 16, 2015, Prentice had changed his tune saying "There will be an election when it is in the best interest of Albertans given the circumstances that we're in."

Further, the PC Party has ordered that candidates in each of the 87 constituencies must be nominated by no later than March 15, 2015.

If you're placing bets, put them on an early election. All signs are pointing that way.

Should we have privately-operated MRIs?

by Colin Craig
Prairie Director

Premier Brad Wall mused last October about allowing Saskatchewan businesses to operate magnetic resonance imaging scanners (MRIs). The idea was long overdue.

To be clear, the premier suggested continuing to fund the government-run, public MRI system. But at the same time, he would allow people to pay a private business for an MRI scan if they wanted to receive faster service, something Alberta has allowed for years.

Further, Premier Wall also suggested that he would put barriers in place to prevent staff from immediately switching from the public system to the private system, preventing any potential staffing shortages.

Patients would no longer be forced to flee the province and pay for faster care in Alberta, the US or other countries. Private companies would be allowed to offer MRI services right in Saskatchewan.

Not only would the move be good for the economy – think of all the dollars that would stay in Saskatchewan each year instead of being spent in other jurisdictions – it would be good for patients, too. If more people chose to pay out of pocket for MRIs, then they would no longer take up space on a government waiting list. Thus, spots would be freed up for everyone else.

Since the premier mused about the idea, we've heard from several Saskatchewan citizens who have paid for health care outside Saskatchewan. They indicated they would much rather have paid for service at home, saving money on hotel bills, transportation and other incidentals. They rightly feel they should have the freedom to spend their hard-earned money on their health, not to mention reducing pain and suffering.

Predictably, some have already fear-mongered about the idea, claiming a private system, operating alongside a public system, would damage the latter. However, a similar arrangement has existed in education for decades; across Canada, people can choose to pay out of pocket and put their kids in private schools. Clearly, the sky hasn't fallen.

So what's your take? Be sure to let the premier know:

Premier Brad Wall
306-787-9433
premier@gov.sk.ca

Liquor reform: the province listens

For years, CTF supporters have told us they would like to see the privatization of alcohol sales in Saskatchewan. Thankfully, the government is listening: it circulated a discussion paper on the subject in 2014.

The government's discussion paper put forward five options for alcohol sales in the province, ranging from more government involvement to a fully private retail model. However, it seems clear the government is leaning towards a much smaller role when it comes to alcohol sales.

The CTF circulated a survey to supporters province-wide to determine your take on what the government should do. Of the five reform options being considered, the Alberta model garnered the most support among CTF supporters at 49%. Retail

CTF offers pre-budget

commendations

The Canadian Taxpayers Federation had its annual meeting with Finance Minister Ken Krawetz in December to discuss our recommendations for the 2015-16 budget.

This year we focused on five main areas:

Demographic shifts:

We drew attention to the fact the provincial government doesn't have any long-range forecasts of how an aging demographic will impact provincial finances. We noted the federal government's research in this area, including the estimation that a $34-billion annual shortfall will hit municipal and provincial governments in the years ahead. We're talking about a sizable problem and the government needs to start financial forecasting in this area immediately.

Pension reform:

We kept up the push to reform government employee pension plans. Our presentation showed how MLAs and some other provincial employees are in far less costly plans than others. Thus, MLAs have the moral authority to start putting new employees (who would otherwise go into one of the golden plans) into a less costly plan. This is the same type of reform that occurred under former NDP premier Allan Blakeney.

At the same time, we pointed to some pretty significant bailouts. For example, the Saskatchewan Healthcare Employees Pension Plan received $76 million in government funding back in 2006. Fast forward to 2013 and the government put in a whopping $147 million. Note: that generous annual contribution is on top of pay increases as well.

> Saskatchewan has the highest number of provincial/municipal employees per capita of any province in Canada.

Bureaucratic bloat:

Despite the provincial government doing a good job to reduce the number of ministry employees, Saskatchewan still has a high number of provincial and municipal employees compared to the rest of Canada. We encouraged the government to put pressure on municipalities, health regions and school boards to do their part and trim unnecessary positions.

Private MRIs:

We encouraged the government to allow private businesses to offer the same health care services as government-run facilities. Doing so would help make the existing system more sustainable. The Canadian Institute of Actuaries has estimated that unless serious reform is undertaken, more than 100% of each provincial government's expenditures will be on health care by 2037 (swallowing up funds currently spent on roads, education, jails, social assistance and other services).

Liquor reform:

We presented results from our supporter survey on alcohol sales reform.

Other issues such as personal income tax relief and ways the government can save money were discussed as well. If you would like to learn more, our pre-budget presentation is posted on our website, Taxpayer.com.

sales of alcohol in Alberta are fully privatized.

Full survey results were presented to the minister of finance during our annual pre-budget meeting in December. Time will tell how the government responds.

In the meantime, if you haven't signed up for our email updates yet, you can do so by sending an email to admin@taxpayer.com.

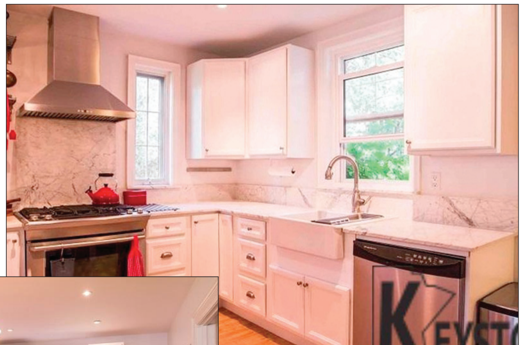
Prairie director Colin Craig presents pre-budget submission to Finance Minister Ken Krawetz

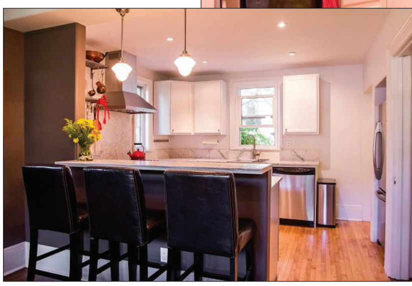
Losing their marbles
at Red River College

by Colin Craig
Prairie Director

Readers may remember how the Canadian Taxpayers Federation busted Red River College's former president for expensing her golf shoes, driver's licence, Christmas party tickets and bills from a wedding-related event at her home.

Stephanie Forsyth repaid those expenses after we started digging into her expense account … but we've discovered some more interesting news.





Photos of the Forsythe home/MLS

The former president is being investigated for taking marble from the college's Prairie Grain Institute and installing it in her kitchen, used for counter tops and backsplashes. She claims that the material was marked for disposal, but college documents obtained by the CTF seem to suggest otherwise. While Forsyth has departed, time will tell what arises from the marble investigation.

One thing is certain; taxpayers and students should be "seeing red" that the college's board has been asleep at the switch for so long and ignoring these problems.

> While the former president claimed she took marble from the college destined for disposal, records suggest otherwise.

Different visions: PCs versus NDP

Recently, Brian Pallister's opposition Progressive Conservatives laid out a vision for the province that is quite different from the plan currently pursued by Greg Selinger's NDP government.

Pallister described his vision in an "alternative throne speech." The speech was largely a rehash of previously announced commitments, but it's a handy tool that summarizes the stark difference between them and the NDP. Here are some differences worth noting:

NDP	PCs
Keep PST at 8% for eight more years	Reduce PST to 7% within first term, cut wasteful spending
Continue with secret income tax hikes – known as 'bracket creep'	End 'bracket creep' within first term
No apparent concern with skyrocketing debt	Expressed concern with debt levels
Flouted taxpayer protection measure that required a referendum before raising the PST	Promised to abide by requirement to hold referendum before raising PST or income taxes
Haven't joined New West Partnership, haven't expressed interest in joining	Promised to try and join the partnership
Often require non-unionized companies to pay union dues on major government projects	Promised to stop this practice

What demographic tsunami?

Experts who follow government finances closely have for years raised alarms over the "demographic tsunami" looming across Canada.

In plain English, the demographic tsunami refers to the fact our nation is aging – each year a greater percentage of our population is passing 65 years of age. This is largely due to the massive "baby boom" generation hitting its senior years, combined with a drop in the birth rate. The first of the baby boom generation hit 65 in 2011.

The demographic shift presents a sizable problem for governments for two reasons.

First, senior citizens tend to pay less taxes than those working full time. That's not a slight at seniors; it's just a fact of life.

Second, older people tend to require more expensive health care than younger people. Unfortunately, hip replacements, open-heart surgery and 24-hour care in seniors' homes come with quite a bill.

Despite knowing about these challenges for years (rather than saving up to deal with the problem), governments have been busy racking up billions in debt. Nation-wide total government debt is more than $1 trillion.

Each year the federal government produces a "fiscal sustainability report" that attempts to crunch numbers on how significant the problem will be; the modelling looks several decades into the future.

The report calculates an *annual* shortfall of about $34 billion for provincial and municipal governments in the future. To put that figure into perspective, the GST is expected to bring in about $31 billion this year. Just imagine having to give your municipality and the Manitoba government the equivalent of another 5% sales tax on top of existing sales taxes.

Of course, governments wouldn't just raise sales taxes to address the problem, but the point is: we're clearly not talking about chump change.

The CTF asked the province what kind of modelling it has done around this problem. The answer? Nothing. The government pointed to its annual budget, but that projection only looks five years out. The Department of Health wasn't able to offer much better.

The results shouldn't surprise anyone; the current government has a terrible financial track record. It would simply be out of character to show any kind of thought around fiscal sustainability.

However, Premier Greg Selinger isn't the only one who needs to address the situation. Opposition leader Brian Pallister and Liberal leader Rana Bokhari should also be prepared to explain what they would do about the problem. t

> "Each year a greater percentage of our population is passing 65 years of age."

Pension victory in the offing?

During the fall municipal election, the CTF pushed pension reform as a priority at Winnipeg City Hall. We drew attention to the city's pension woes (something no one was talking about publicly) and suggested placing new employees in a less costly plan.

Thankfully, successful mayoral candidate Brian Bowman latched onto the idea and promised to scale back pension benefits for new hires. Time will tell whether he keeps his promise, but at least the issue is getting more attention. The status quo – raising taxes to bail out the city's golden pension plan – just doesn't seem fair to taxpayers.

More MISMANAGEMENT at Queen's Park

by Candice Malcolm
Ontario Director

Queen's Park last fall sat for its first full session with a Liberal majority government since the one led by Dalton McGuinty in 2011; the government wasted no time in ramming through legislation while trying to distract from its horrendous fiscal record.

The fall of 2014 was also chock-full of astonishing waste stories and egregious management of the public purse. Sadly, this is what we've come to expect, given this government's track record of arrogance and incompetence.

It is going to be a long four years in Ontario.

Money for nothing

While many fiscal conservatives are skeptical of welfare fraud and folks gaming the system, it's really those doling out the cheques who ought to be examined. In 2014, Premier Kathleen Wynne's government designed a new computer program to automate social welfare distribution, at a cost of $240 million. Then, thanks to a glitch in the system, $20 million in welfare cheques were accidentally sent to the wrong people. Some 17,000 residents received these unwarranted welfare payments. Forget playing the lottery: move to Ontario and you will have a better than one in 800 chance of the government sending you money for no reason.

Immunization duplication frustration

If accidental welfare isn't bad enough, management within the Ministry of Health will surely make you feel queasy. According the to the auditor general's 2014 report, there were more than 21,000 patients supposedly given the same flu shot vaccination by both a pharmacist and a physician, with the ministry being billed twice.

A new registry was built to overcome this problem of double billing for the same procedure, but the registry itself went $85 million over budget – twice the original price tag – and the mismanagement persists. In fact, according to the report, the government doesn't know what happens to approximately 20% of the flu vaccinations it buys each year; meanwhile, vaccine shortages mean that many Ontarians do not have access to the flu shot each winter.

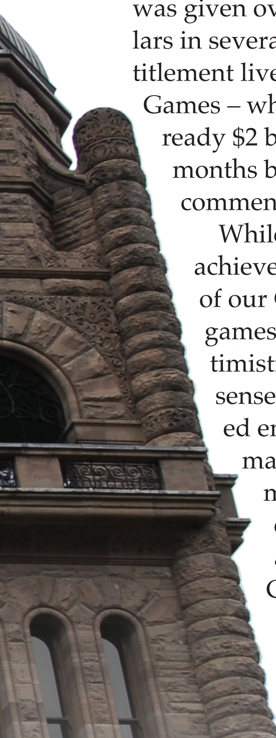
The auditor general's report paints a picture of a reckless and incompetent government that cannot manage itself.

Pan Am execs get early gold

On the Friday afternoon after Queen's Park closed for Christmas break, the Pan Am Games office dumped thousands of pages of Freedom of Information (FOI) requested expense documents into the hands of the Ontario press gallery. Surely the timing was intentional, to avoid bad press coverage. However, by treating the media with such disrespect and so obviously manipulating the FOI process, jaded reporters ensured this story wouldn't slip through unnoticed.

The documents revealed incredibly irresponsible spending by Pan Am execs, who carelessly expensed everything from new clothes, to luxurious world travel, to their morning coffee. Sound familiar? It is. In 2013, an FOI request uncovered hundreds of thousands in expenses by the jet-setting executive, leading to the firing of the Games' CEO, who fell on his sword and was given over half a million dollars in severance. The culture of entitlement lives on at the Pan Am Games – which themselves are already $2 billion over budget, six months before the games even commence.

While celebrating sport and achievement is a proud part of our Canadian spirit, these games leave even the optimistic sports fan with a sense of injustice. Gold-plated employee compensation may be a legacy far more memorable to taxpayers than the gold medals won by the Pan Am Games athletes. t



Generation Screwed

CTF's outgoing Ontario Director Candice Malcolm recently toured across Canada, speaking at university campuses and public forums, to promote her new book, *Generation Screwed*. Alongside the tour and continued success with online sales (the book was an Amazon #1 bestseller in the category of economics) good reviews and positive editorials have also been published in major Canadian newspapers, including

> "Ms. Malcolm's generation should be angry. Her book doesn't merely deserve traction on college campuses. Students should insist that their parents read it."
>
> Peter Foster, *Financial Post*

the Sun and Postmedia chains. According to Peter Foster's review in the *Financial Post*,"Ms. Malcolm's generation should be angry. Her book doesn't merely deserve traction on college campuses. Students should insist that their parents read it."

If you have not already, you can purchase your copy of Generation Screwed online, at Taxpayer.com/books.

Gas plants' 0.001% solution

It's been more than three years, and we are still learning the sordid details surrounding the McGuinty government's 2011 election decision – made in the Liberal war room, not by cabinet – to cancel two gas plants to save a few Liberal seats in suburban Toronto. The latest news is that deleting computer hard drives in the premier's office cost Ontario taxpayers $10,000. Typically, only after the expenditure was exposed did the Liberals belatedly decide to pay it back from party funds. As the *National Post's* Robyn Urback cleverly pointed out: the Ontario Liberals have now paid back 0.001% of the gas plant scandal. When can taxpayers expect the rest?

Government-run daycare: Another white elephant

by Pierre-Guy Veer

The "Quebec model" – which has yet to be imitated anywhere else in Canada – is under attack.

The ruling Liberals have dared to end the government-subsidized daycare rate of $7 per day and have introduced a "progressive tariff" (meaning subsidies will be prorated according to parents' income). This is merely putting a Band-Aid on a gaping wound, as the Centre de la petite Enfance (CPE) system is completely unsustainable.

Created in 1997 by then-education minister Pauline Marois, these public daycare centres were meant to help lower-income children develop normally and help women join the workforce. According to a study by economist Pierre Fortin, the latter has worked, since women's participation rates have increased.

> "Quebec's government-subsidized day care is completely unsustainable."

He ignored the fact that *other* provinces have seen their female participation rates increase too. According to Statistics Canada, the female participation rate increased by seven percentage points to 60% between 1997 and 2014 in Quebec. It is the sixth-highest rate, barely ahead of BC and Nova Scotia, and the fifth-fastest rate of increase for that period.

This increase has come with a hefty price tag. A CPE spot costs taxpayers between $40 and $60 per day per child, or $2.5 billion per year.

It shouldn't be a surprise since, according to columnist David Descôteaux, the money was given to "the system" rather than to parents.

As a result, unions have increased the costs sevenfold while there are only three times as many spots. Workers greatly benefited from unionization; their salaries increased between 51% and 61% since 1997. Unions also helped create a generous retirement plan to which workers only contribute 5.9% of their taxable income (including those having a daycare centre in their houses), the rest being paid by taxpayers – $80 million for 2013-14, a 72% annual increase since the inception of the plan in 2005-06.

Furthermore, UQAM professor Pierre Lefebvre concluded that the CPE has

Le Grand Éléphant: Photo by Gail M Tang |Foter | CC BY-NC-SA

no notable influence on low-income children's cognitive development, as their test results are within range of everyone else in the country.

In short, the CPEs failed by whatever metrics one considers. They haven't improved children's development, their influence on female participation rates (if any) is expensive and they have created unfair competition for private daycare centres.

Unlike the CPE, private daycare centres have to pay taxes (sales, municipal, school) and receive no direct subsidy. This means that they have to charge full price ($35-$45), according to the Private Daycare Association. Many have shut down since 1997 because they can't compete.

So if Premier Philippe Couillard truly wants to restore fiscal sanity in Quebec, he needs to abolish the CPE altogether. If government is still to have a role in daycare, then it should be in the form of vouchers so parents can choose and private daycares can compete.

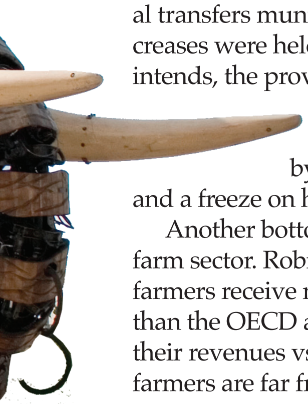
The Robillard Report:
The **bad news** no one wants to hear

Former Liberal MP Lucienne Robillard, president of the permanent commission to review government programs, recently published the first volume of her report. As expected, it seriously questions many government programs taken for granted. And as expected, the forces of status quo are already trying to contradict the report.

The conclusions in this report have no room for equivocations: there is presently little (if any) analysis of the pertinence/efficiency of government programs, there is little regular review of the programs' initial objectives or parameters and the programs have become overly complex over the years because so many rules were piled on top of each other.

As a result, more and more money is poured down a bottomless hole. It's especially obvious for municipalities. Robillard says that their expenditures have increased an average of 5.6% since 2007 – the nominal provincial GDP increased only by an average of 3.5%.

To stop this unsustainable increase, Robillard proposes to seriously question the $1.3 billion in unconditional transfers municipalities receive. If their spending increases were held to 1.3%, as the provincial government intends, the province would immediately save $900 million a year. Any municipal shortfall in funding could be covered by gains in productivity and a freeze on hiring.



Another bottomless pit is the farm sector. Robillard shows that farmers receive more state help than the OECD average: 27.8% of their revenues vs. 20.5%. And yet, farmers are far from poverty. Their average revenues increased faster than in other provinces such as Ontario and Alberta, and the value of their land has multiplied 25-fold since the 1970s. They also fail much less often than in other industrial sectors – 5.4 per 10,000 businesses versus 32 per 10,000.

Despite their success, farmers receive over half a billion dollars in transfers from the Financière agricole. It runs programs such as revenue stabilization, which hasn't had a single surplus since the turn of the century (although the deficits are decreasing) and has deviated from its original objectives, according to a report published by Michel St-Pierre in 2009.

To correct this deviation, Robillard recommends abolishing the revenue stabilization programs and thus save $300 million. It should instead become a real insurance system, in which insured farmers assume all the risks.

Unsurprisingly, the main farmers union warned that farms will disappear as a result, since "agriculture is a risky business." So is *any* kind of business, and yet no other sector is as shielded from the markets as agriculture. Abolishing revenue stabilization is a fair measure for all workers.

Only time will tell whether Robillard's recommendations will be adopted. While treasury board president Martin Coiteux seems to agree with the spirit of the report, unions are already promising disturbances. Let's see if the Liberals will chicken out as they did 2003. t

"Handouts to municipalities are increasing by 5.6% a year, while the provincial economy is only growing at a rate of 3.5% a year."

NB MLA QUITS after 22 days

New Brunswick Legislature: Photo Christopher Craig | Flickr | CC BY

by Kevin Lacey
Atlantic Director

One of the hardest-fought and closest ridings in the 2014 New Brunswick provincial election was Saint John East.

The race was a rematch from the 2010 election between sitting MLA Glen Savoie for the Progressive Conservatives and local high school principal Gary Keating for the Liberals.

This time Keating, the losing Liberal candidate four years ago, won the riding by the slimmest of margins. When the ballots were counted, and a judicial recount conducted, Keating won the right to represent the riding by just nine votes.

Then things got very bizarre, very quickly.

Keating quit his job after just 22 days as an MLA and before he could even be officially sworn into office.

At the time, he released a statement saying that in the short time he served his riding, he found the travel too difficult (Saint John is just about an hour and 40 minutes' drive from the capital in Fredericton). He also cited family reasons for his decision. A marathon runner, Keating was not known to be suffering from any illnesses. He has not spoken about his decision since announcing his resignation.

> Taxpayers are on the hook for the cost of a new by-election.

Keating was not a newcomer to politics. Prior to running for office in 2010 and 2014, he also served as president of the local Liberal electoral district.

Some speculate that the real reason for his resignation was his disappointment at not being given a position in the cabinet, which new Premier Brian Gallant named a few days before Keating quit.

The real losers in the swift change of heart were taxpayers, who were stuck with a hefty bill.

Even though he only served a short time Mr. Keating was entitled to receive a $5,000 severance. Fortunately for taxpayers, he did not accept it.

But they did have to pay for a byelection for the 14,000 constituents of the riding just two months after the main provincial election – about $50,000 not including rebates (a percentage of campaign costs) to local candidates.

On Nov. 17, just two months after the Sept. 22 provincial election, the Progressive Conservatives took back the riding. Let's hope the new MLA decides to stick around.

Government hires sailing crew for a boat that can't sail

Nova Scotia's famous symbol, the Bluenose II, is unable to sail, since the re-built vessel cannot be certified as seaworthy. But that didn't stop the government from hiring a sailing crew.

Last July, the Nova Scotia government, which owns the boat, advertised new jobs for working on the famed fishing schooner.

Each job was temporary, but was a full-time opportunity.

The original intent was to have a crew ready to go if and when the boat was able to sail.

In July, it was thought at least possible that the vessel would be able to sail for some of the 2014 tourism season.

But that didn't happen.

Instead, the vessel ran into more structural and budgetary problems.

For example, the steering needed to be redone after it was found that no one was strong enough to move the wheel to make turns in the water.

Then, when the boat was inspected, 57 deficiencies were found. The issues ranged from minor (ill-fitting seat cushions) to more serious (defects in the sailing mast).

> Crew may not return if and when boat floats.

Eventually the government had to announce it hoped to have the Bluenose sailing in the summer of 2015 (it was supposed to be ready for the summer of 2012).

The crew is made up of 18 people including a captain, chief mate, second mate, chief cook, engineer and approximately 13 deckhands.

Since the crew could not sail, other chores were found, such as maintenance, checking the boat's rigging, some training and even painting.

The worst part of the early hiring is there's no guarantee that any of the experience will be carried over. The crew who worked on the boat last year aren't necessarily coming back.

The Bluenose rebuild is already three years late and could cost somewhere around $25 million, far above the original $14.4 million estimated price tag prior to construction. t

Bluenose on a dime and Bluenose II at dock: Paul Joseph | Flickr | CC BY-ND

Broten tax commission gives and takes

Last fall saw the release of a set of recommendations we hoped would solve Nova Scotia's crushing taxation problem once and for all.

The report, commissioned by the government at a cost of about $100,000, was supposed to deal with taxes and regulations in the province, one of the highest-tax jurisdictions in all of North America. The report's author was former Ontario cabinet minister Laurel Broten.

The report fails to deliver on a commitment to see taxpayers actually pay less tax. Instead the report suggests the need to "shift" the taxation burden.

To do this the report makes some positive recommendations, including flattening and simplifying income tax brackets, reducing business taxes, raising the level of personal exemptions and indexing tax brackets to inflation.

But these positive measures are offset by the recommendation to introduce a new carbon tax, which would just about negate all the positive reforms.

The province's finance minister received the report with an unenthusiastic commitment to study its recommendations.

After all the time, money and effort expended on the report, taxpayers are left with little relief.

The biggest bailout in Canadian history

CTF Prairie Director Colin Craig has produced his latest video success, this time utilizing the power of LEGO to raise an important issue for taxpayers.

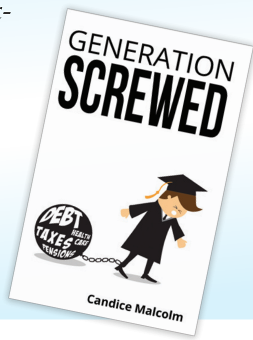
The problem? Government bailouts of public sector pension plans are costing Canadian taxpayers billions of dollars and leaving those without workplace pensions with the bill.

The video earned over 5,000 views through its first week alone and is well on its way to being one of the CTF's most successful videos of all time. You can view it at youtube.com/watch?v=IPQauh-3BKQ or by searching for it on the CTF's YouTube page (www.YouTube.com/TaxpayerDOTcom)

Recommended reading on Taxpayer.com

The CTF has teamed up with Amazon.ca to offer an online portal for supporters to explore books either featured in the pages of *The Taxpayer* or otherwise deemed worthy reading for concerned taxpayers.

Featured books include *Generation Screwed*, *Economics in One Lesson*, and *Pension Ponzi*, in addition to books distributed directly by the CTF such as *Tax Me I'm Canadian*.



Purchasing a book through the Amazon-embedded portal on Taxpayer.com doesn't just guarantee you a great read. It also helps take the fight to irresponsible government as a portion of the proceeds will return to the CTF as an approved Amazon affiliate. In fact, any purchase made through Amazon.ca (if you go there through the link on our website) will land the CTF a small commission.

You can view our entire list of recommended titles, as well as purchase those you find most interesting, by visiting taxpayer.com/books.

Supporter comment of the issue:

"Like our personal finances, we can't let the public finances get even more out of control, let's make a difference."

David Cunningham | Donated $ 250.00

Staff tweet of the issue:

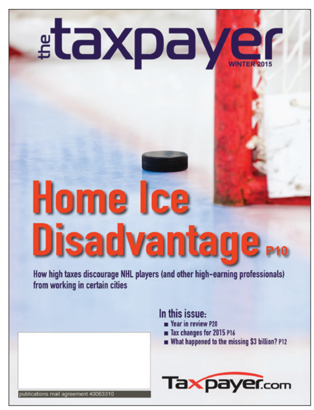
Aaron Wudrick @awudrick · Dec 8

Pratt & Whitney Canada has received over $1.3 BILLION in loans since 1997. Still owe over a billion according to what's publicly available.

2 1

Reminder: *The Taxpayer* is now online

A friendly reminder that this current issue of *The Taxpayer*, as well as previous issues of our flagship publication, are now online at Taxpayer.com. If you are currently receiving our magazine in the mail, you will continue to do so. However, you now have the option of reading the online version as well.



You can access your online magazine by going to taxpayer.com/supporters/my-account/ and logging in with the email address you gave us during your most recent financial contribution. If you haven't logged in before, click the "forgot your password" link for help getting set up.

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By the Number$

Kilometres of natural gas & oil pipelines currently under the ground in the US:

800,000 km

Length of the proposed Keystone XL pipeline:

1,897 km

Kilometres of natural gas & oil pipelines currently under the ground in Canada:

100,000 km

Length of proposed Northern Gateway pipeline:

1,150 km

Number of Canadians who are 100 years of age or older:

7,600

Average amount Canadian families spent on food in 2013:

$7,980

HOW DO CANADIAN TEAMS FARE FINANCIALLY IN THE NHL?

	TORONTO MAPLE LEAFS	MONTREAL CANADIENS	VANCOUVER CANUCKS	EDMONTON OILERS	CALGARY FLAMES	OTTAWA SENATORS	WINNIPEG JETS
AVERAGE TICKET PRICE IN THE NHL $62.18	$113.66 ($51.48 above avg.)	$73.67 ($11.49 above avg.)	$84.87 ($22.69 above avg.)	$72.63 ($10.45 above avg.)	$63.07 ($0.89 above avg.)	$51.76 ($10.42 below avg.)	$79.28 ($17.10 above avg.)
AVERAGE PREMIUM TICKET PRICE $151.53	$183.93 ($32.40 above avg.)	$132.94 ($32.40 below avg.)	$202.84 ($51.31 above avg.)	$171.95 ($20.42 above avg.)	$159.58 ($8.05 above avg.)	$130.90 ($20.63 below avg.)	$122.49 ($32.40 below avg.)
AVERAGE PARKING COST AT ARENAS $17.70	$17.85 ($0.15 above avg.)	$20.95 ($3.25 above avg.)	$26.77 ($9.07 above avg.)	$13.39 ($4.31 below avg.)	$12.75 ($4.95 below avg.)	$10.71 ($6.99 below avg.)	$13.38 ($4.32 below avg.)
AVERAGE PROGRAM $2.60	$4.46 ($1.86 above avg.)	$3.79 ($1.19 above avg.)	$2.67 ($0.07 above avg.)	$2.68 ($0.08 above avg.)	$4.25 ($1.65 above avg.)	$0.00 ($2.60 below avg.)	$0.00 ($2.60 below avg.)
ESTIMATED VALUE OF FRANCHISES	$1.3 billion Rank #1	$1 billion Rank #3	$800 million Rank #5	$475 million Rank #12	$451 million Rank #13	$400 million Rank #16	$385 million Rank #20

Source: NHL Fan Cost Index – October 2014 (Team Marketing Report), Estimated Value of Franchises – Forbes Magazine

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